

COUNTY OF CALHOUN, MICHIGAN



Comprehensive Annual Financial Report

**For The Year Ended
December 31, 2008**

COUNTY OF CALHOUN, MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2008

Board of Commissioners:

Katherine Segal, Chairperson

Terris E. Todd, Vice-Chairperson

Betty Arnquist

Michael Rae

Gregory A. Moore

Jase Bolger

Eusebio Solis

Prepared by:

Finance Department

County Administrator/Controller:

Don Gilmer, Interim

Assistant County Administrator:

Bradley Wilcox

COUNTY OF CALHOUN, MICHIGAN
For the Year Ended December 31, 2008

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INTRODUCTORY SECTION



Calhoun County

Office of the Administrator/Controller

"Building A Better County Through Responsive Leadership"

315 West Green Street
Marshall, MI 49068

Office (269)-781-0966
Fax (269)-781-0140

June 19, 2009

**To the Honorable Chairman, Members of the Board of Commissioners
and the Citizens of the County of Calhoun, Michigan:**

The comprehensive annual financial report of the County of Calhoun, Michigan (the "County") for the year ended December 31, 2008, is hereby submitted in accordance with Michigan Act 2 of the Public Acts of 1968, as amended. This Act requires that the County issue an annual report on its financial position and activity, and that this report be audited by an independent firm of certified public accountants.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, our framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As Management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by Rehmann Robson, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended December 31, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statements presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended December 31, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The auditors' report related specifically to the single audit is not included in this document, but is issued under separate cover.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

PROFILE OF CALHOUN COUNTY GOVERNMENT

Calhoun County was incorporated on October 29, 1829. It covers an area of approximately 710 square miles. The County Seat is located in the City of Marshall, mid-way between Chicago and Detroit near the junction of two major interstate highways - I-94 (east-west) and I-69 (north-south). The City of Battle Creek is the largest metropolitan area in the County. The population of the County per the 2008 U.S. Census estimate is 135,861.

The County is governed by a seven-member elected Board of Commissioners. Members of the Board of Commissioners are elected on a partisan basis for two-year terms from within their respective districts that are approximately equal in population. The Board elects from its ranks a Chairperson and a Vice Chairperson by majority vote. The administration of the County, other than as delegated to elected officials, is guided by the County Administrator/Controller who is appointed by a two-thirds vote of the Board of Commissioners and serves at its pleasure. The Board is responsible for determining the type and level of County services, adoption of the County Budget, equalization of County property values, legislative oversight of County services and the appointment of various boards, commissions and County officials. In turn, the County Administrator/Controller is responsible for carrying out the Board's policies and resolutions, and managing the day-to-day operations of the County.

Judges of the 37th Judicial Circuit and the Probate Court and the 10th District Court are elected at large for six-year terms. Operation of the court system is under the auspices of the Michigan Supreme Court and the respective presiding Judges, while the County government primarily provides financial support.

Administration of the County is divided by the Michigan Constitution among various statutory County officials, including the County Treasurer, County Clerk/Register of Deeds, Prosecuting Attorney, Drain Commissioner and Sheriff, who are elected at-large for four-year terms. The County Treasurer is the custodian of all funds, administers the collection of delinquent property taxes, and performs other duties concerned with the interrelated fiscal affairs of County departments and agencies. The duties of the County Clerk include keeping and maintaining records of births, deaths, marriages and discharges of military personnel, and serving as Clerk of the Board of Commissioners. The duties of the Register of Deeds include the recording of deeds, mortgages, surveys, plats, notices of liens and bills of sales. The Prosecuting Attorney prosecutes violations of State criminal law within the County and may represent the County in appropriate Courts. The County Drain Commissioner administers the location, construction and maintenance of drains in the County. The Sheriff's duties involve the charge and custody of the County Jail, the serving of processes and primary law enforcement response in areas of the County without local police functions.

In addition, the Board of Commissioners appoints several County officials, including the Administrator/Controller, Corporation Counsel, Health Officer, Medical Examiner and the Equalization Director with responsibilities as defined by statute, County ordinance or resolution. The Administrator/Controller's responsibilities include direction of central administrative functions of the County government and acting as a liaison on behalf of the Board of Commissioners between County offices, appointed officials and the general public. The Office of Corporation Counsel is responsible for legal advice, counsel or court action in all cases involving an official act or duty of a county officer, elected official or county department. The Health Officer directs the operation of the County Health Department in accordance with Board of Commissioner's directions and as authorized by State law. The Equalization Director oversees the equalization process of the County as prescribed by law.

The Board of Commissioners also appoints various boards and commissions to oversee specific County services and to advise the Board on certain matters of interest. Appointments to boards overseeing specific County functions include the Board of County Road Commissioners, the Board of Public Works, the Board of Parks Trustees, the Board of Health, Senior Millage Allocation Committee, Summit Pointe Board of Directors, and Veterans Affairs Committee. The Board also appoints members to various advisory committees and to regional bodies overseeing other programs providing services to the residents of the County.

The business of the County is carried out on a daily basis by approximately 550 employees located on several different campuses throughout the County. The primary locations are Marshall, the County seat, Battle Creek and Albion.

This report includes all funds of the County and its component units. The County provides a full range of services to County residents. Services are provided in the areas of public safety (law enforcement, prosecution, jail administration), judicial (administration of the courts and probation departments), elections, public works, health services, social services, cultural (MSU cooperative extension services), road repair and maintenance services, parks and recreation, and general administrative services. In any one day, hundreds of people access County services:

- They may be utilizing one of the many public health, sanitation or disease control services provided by the Health Department, the support services of County Veteran Affairs or Senior Services, or the residential services of the Medical Care Facility. They may be utilizing one of the many other human service programs supported by County funds in the area of mental health, substance abuse, aging, special transportation, or youth violence prevention.
- They may be utilizing the services of the County Prosecutor, the Sheriff, or the Courts.
- They may be obtaining birth, death, tax or property information from the Offices of the County Clerk, Register of Deeds or the Treasurer; participating in elections; or getting assistance in drainage-related problems from the Drain Commissioner.
- They may be attending educational events sponsored by MSU Cooperative Extension or enjoying one of the County Parks.

The annual budget serves as the foundation for the County's financial planning and control. The County maintains real-time budgetary controls using an integrated financial management software package. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County Board of Commissioners. The appropriated budget is prepared by function and activity for the General Fund and by fund and function for the special revenue funds. Budgetary transfers are permitted in accordance with Board-adopted budget policies. Transfers of appropriations less than or equal to \$20,000 between General Fund activities and between special revenue fund functions may be approved by the County Administrator/Controller; transfers greater than \$20,000 require the approval of the Board of Commissioners. The level of budgetary control is the activity level for the General Fund and the function level for the special revenue funds. As demonstrated by the statements and schedules included in the financial section of this report, the government continues to meet its responsibility for sound financial management.

The County's strategic plan is intended to provide the foundation for budgetary decisions by establishing a vision, mission and long-range objectives. In addition to the strategic plan, the Board of Commissioners, at least annually, strive to establish a set of priorities for the development of the budget. The intent of these is to remain consistent with the overall objectives in the strategic plan but yet develop specific priorities that reflect current issues while keeping in mind the County's long-term objectives and financial limitations.

The following are recent priorities/accomplishments as identified by the Board of Commissioners during the 2009 Budget process:

- **Criminal Justice System Workshop/Jail Revenues:** Working through the Sheriff's Department and the Courts, the County will strive to incorporate "alternative sentencing sanctions", including a tether program and the expansion of a pilot program sentencing inmates to Road Commission work crews, in order to minimize the local population of the jail. This frees up jail bed space for use by other governmental agencies.
- **Technology Improvements:** The County has embarked on several technology improvements that should produce efficiencies over the next several years. In the criminal justice arena, the County is implementing the new Crime Cog system which will put all law enforcement agencies, including the Juvenile Home in 2008, in the County on the same software system. The County has also installed wireless equipment in the Justice Center to enable the Prosecuting Attorney's Office to move toward a "paperless" office, using ImageSoft, a system that will also provide services to the Courts and other law enforcement agencies.
- **Financial Software:** The County began a technical review of the current financial software in anticipation that the system will not be supported by the vendor for an indefinite period. This review has resulted in an anticipated replacement of the current software to begin in 2009.
- **Consolidated E-911 Dispatch:** A Consolidated Dispatch Authority was created during 2008. This Authority will become operational in late 2009.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

Local Economy. Through a varied industrial, commercial and agricultural base, the County enjoys a relatively stable economic environment and indicators point to a continuation of this trend. The Fort Custer Industrial Park has become Michigan's largest industrial park. Located in the City of Battle Creek, the park, which is a customs free trade zone, encompasses 3,000 acres and contains 85 companies employing more than 9,000 people. The City of Battle Creek is host to the world headquarters of Kellogg Corporation and the cereal manufacturing industry. Also, Battle Creek is a U.S. Customs Port of Entry and contains a Foreign Trade Zone. A commercial shopping corridor in the Battle Creek/Emmett Township area serves a regional market. Automotive and plastic parts manufacturers, insurance companies, iron foundries, farms (approximately 1,200) and related agricultural businesses provide a variety of employment opportunities. A major U. S. Veterans Hospital in Battle Creek and community/regional hospitals in Battle Creek and Marshall provide health care services as well as

additional employment opportunities. Higher education is available to County residents and others at several public and private colleges located in Albion and Battle Creek, including Kellogg Community College (KCC), Albion College, Western Michigan University's Kendall Center and the newly established Miller College. Finally, in addition to established industrial parks in Albion, Battle Creek, Marshall, Tekonsha and Springfield, the County possesses three significant recreational parks: Kimball Pines Park, Historic Bridge Park at Riverside Park, and the Ott Preserve.

The FireKeeper's Casino is scheduled to open in 2009 with the expected creation of at least 1,200 jobs and 3.8 million tourists annually. A Casino Baseline Study Advisory Committee has been formed to determine the economic effect and has enlisted the help of a research firm to study the socioeconomic impact of the casino. A local Revenue Sharing Allocation Committee, composed of three members, will receive 2% of revenues from electronic gambling machines. This two percent revenue is expected to generate up to \$2 million annually.

The unreserved, undesignated fund balance currently stands at 9.9% of the total previous year's general fund expenditures (including transfers out) thereby meeting the Board of Commissioners adopted policy range of 8% - 12%, as well as the Government Finance Officer's Association recommended practices. On December 31, 2007, the unreserved, undesignated fund balance was 9.4%.

These favorable local trends are counterbalanced, in large measure, however, by other factors. This economic downturn, both state wide and nationally, has impacted our fiscal operations leading to challenges in maintaining current services with even less support. Taken together, these fiscal factors create a trend toward ever-tightening budgets under which the County must operate.

Debt Administration. At December 31, 2008, the County's outstanding direct bonded debt was \$14.7 million, a net decrease of \$500 thousand from the prior year-end. Our overall bond rating remains at "A".

Cash Management. The County has been consistently conservative in the cash management area. It is the policy of the County Treasurer to invest first for safety and second to maximize the investment earnings. Because only a small portion of the County's portfolio can be covered by FDIC insurance, it is essential to continually evaluate the quality of the instruments purchased and the financial stability of the banks and other financial institutions where investments are placed. Types of investments vary throughout the year depending on the County's cash flow requirements and the condition of the financial markets. Typical investments included demand deposits, government investment pool mutual funds, certificates of deposit, bankers' acceptances and high quality commercial paper.

Risk Management. As permitted by State law, the County is self-insured (up to certain limits) for employee health care, workers' compensation and disability coverage. Employee health care and workers' compensation are subject to excess insurance coverage policies. Third-party administrators are used for the health care, disability for employee bargaining units not in the County self-insured plan and worker's compensation plans. Also, as part of its comprehensive risk management plan, the government participates in a risk management pool with certain other Michigan municipalities for liability coverage. As part of the County's comprehensive risk management plan, resources are accumulated in internal service funds and reserves are on deposit with the Michigan Municipal Risk Management Authority (MMRMA) to meet potential losses. MMRMA, which is a governmental risk pool, provides \$15 million in liability coverage on an occurrence basis with a \$200,000 self-insured retention per liability claim.

AWARDS AND ACKNOWLEDGMENTS

Certificate of Achievement. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Calhoun County, Michigan for its comprehensive annual financial report for the fiscal year ended December 31, 2007. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local governmental financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Calhoun County has received a Certificate of Achievement for the last twelve consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments. The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance and operating departments throughout the County. We would like to express our appreciation to members of those departments who assisted and contributed to the preparation of this report. Due credit also should be given to the Board of Commissioners for its interest and support in planning and conducting the operations of the government in a responsible and progressive manner.

Respectively Submitted,

A handwritten signature in black ink, appearing to read 'Kelli Sproule', with a stylized, flowing script.

Kelli Sproule, County
Administrator/Controller

Subsequent to year end, Ms. Kelli Sproule was appointed as the Calhoun County Administrator/Controller replacing Interim Administrator/Controller, Don Gilmer.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Calhoun
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

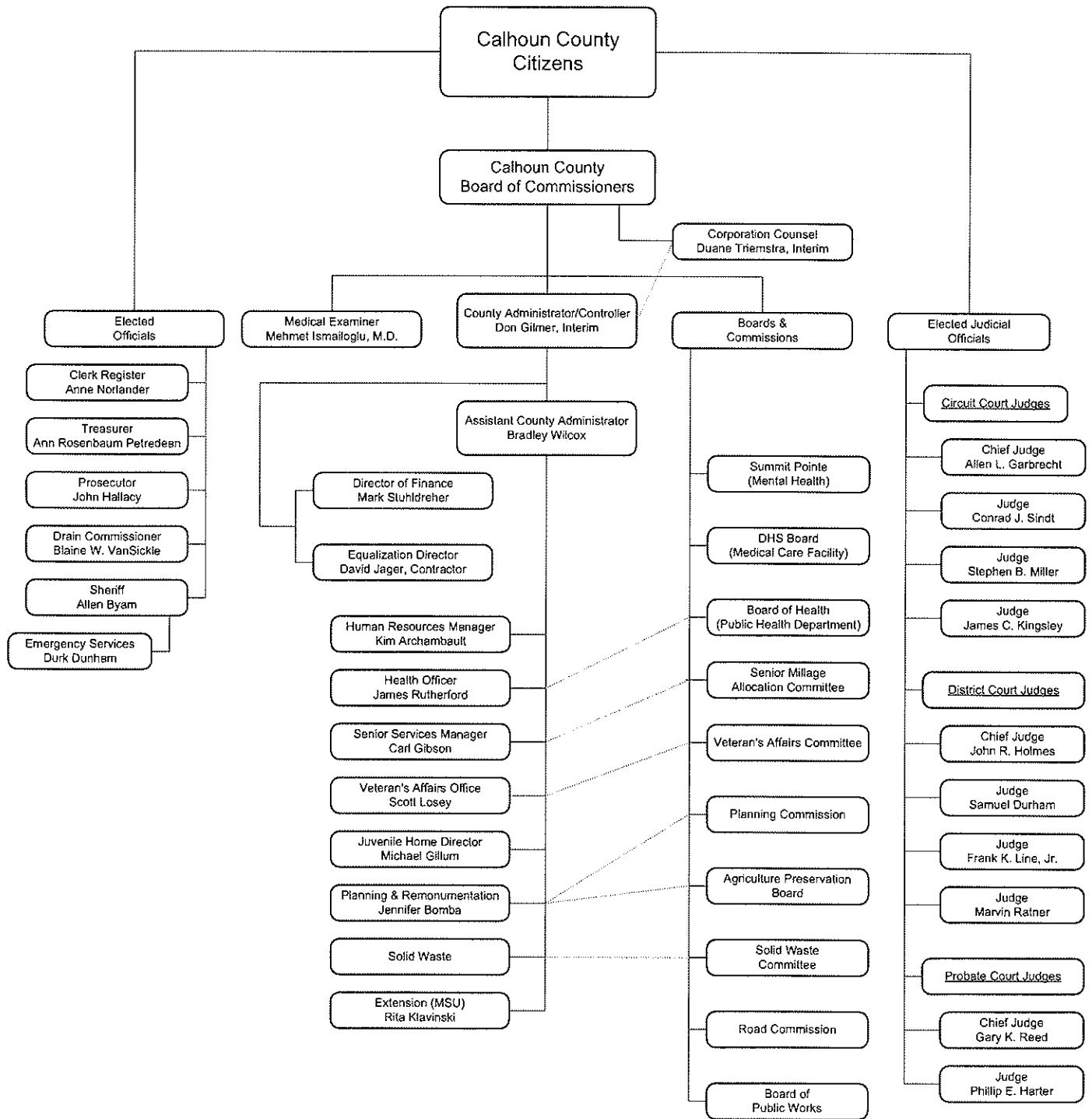


President

Executive Director

Calhoun County

Organization Chart



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

June 19, 2009

The Board of Commissioners
County of Calhoun, Michigan
Marshall, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **COUNTY OF CALHOUN, MICHIGAN**, as of and for the year ended December 31, 2008, which collectively comprise the basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Medical Care Facility and Delinquent Tax Revolving Enterprise Funds, which are major funds, and therefore, separate opinion units. In addition, we did not audit the financial statements of the Land Bank Authority Component Unit, which represent less than 1% of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports were furnished to us, and our opinion, insofar as it relates to the amounts included for the Medical Care Facility and Delinquent Tax Revolving Enterprise Funds and the Land Bank Authority Component Unit is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Medical Care Facility Enterprise Fund were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Calhoun, Michigan, as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the general fund and each major special revenue fund, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3-13 and the historical pension supplementary information for the Employees Retirement System and other postemployment benefit plan information listed in the table of contents are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2009, on our consideration of the County of Calhoun, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, in a separately issued single audit report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements taken as a whole. The introductory section, combining and individual fund financial statements and schedules, and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County of Calhoun, Michigan. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion are fairly presented in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink, reading "Lehmann Lohman". The signature is written in a cursive, flowing style with a large initial 'L'.

MANAGEMENT'S DISCUSSION and ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Calhoun, Michigan (the "County") we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i–vi of this report, and the accompanying basic financial statements.

Financial Highlights

- The assets of the County, as presented in the government-wide financial statements, exceeded its liabilities at the close of the most recent fiscal year by \$70.6 million (*net assets*), a decrease of \$2.7 million in 2008. Of this amount, \$14.4 million (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors. The Medical Care Facility and the Delinquent Tax Revolving Fund contain most of the business-type unrestricted net assets.
- As of the close of the current fiscal year, the County's governmental funds (this includes the general fund, special revenue, permanent, and debt service funds) reported combined ending fund balances of \$11.97 million, a decrease of \$1.9 million in comparison with the prior year. Of the fund balance amount, \$11.84 million is *available for spending* at the government's discretion (*unreserved fund balance*).
- Total fund balance for the general fund was \$3,924,045, an increase of \$388,060 for 2008. At the end of the year, unreserved fund balance for the general fund was \$3,846,820, or approximately 9.9 percent of total general fund expenditures for the prior year, thereby adhering to the policy range of 8 – 12 percent as adopted by the Board of Commissioners.
- The County's net investment in capital assets increased by \$2,571,324 during 2008.
- The County's total bonded debt, excluding delinquent tax notes, decreased by \$499,693 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements which contain three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacations leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, judicial, public works, health and welfare, and recreation and cultural. The business-type activities of the County include the Medical Care Facility that provides long-term skilled nursing care and the Delinquent Tax Revolving Fund.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate Road Commission, a legally separate Board of Public Works, a legally separate Drain Commission, and a legally separate Land Bank Authority for which the County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The Medical Care Facility, although also legally separate, functions for all practical purposes as a department of the County, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 14-16 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. Governmental fund financial statements focus on a *short-term view of spendable resources and the balance of those spendable resources* at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains 31 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Health Department Fund, Senior Millage Fund, Revenue Sharing Reserve Fund and the Child Care Fund, which are considered to be major funds. Data from the other 26 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund and special revenue funds. A budgetary comparison statement has been provided for all applicable funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17-28 of this report.

Proprietary funds. The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses four enterprise funds to account for its business-type activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its equipment purchases, building and grounds, administrative services, insurance, employee benefits, workers' compensation, and sick and accident expenses. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Medical Care Facility and the Delinquent Tax Revolving Fund, which are considered to be major funds of the County. Data from the other two enterprise funds are combined into a single aggregated presentation. Detailed financial information for each of the nonmajor enterprise funds is provided in the form of *combining statements* elsewhere in this report. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 29-32 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The County's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. The accounting used for fiduciary funds is much like that used for proprietary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The basic fiduciary fund financial statements can be found on pages 33-34 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-78 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* on Page 79 concerning the County's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 80-140 of this report.

County-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$70.6 million at the close of the most recent fiscal year. The following schedule shows the County's assets by category.

THE COUNTY'S NET ASSETS

	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 22,053,826	\$ 23,906,334	\$ 24,378,728	\$ 28,368,361	\$ 46,432,554	\$ 52,274,695
Capital assets	<u>32,940,182</u>	<u>34,084,901</u>	<u>17,766,852</u>	<u>14,660,743</u>	<u>50,707,034</u>	<u>48,745,644</u>
Total assets	<u>54,994,008</u>	<u>57,991,235</u>	<u>42,145,580</u>	<u>43,029,104</u>	<u>97,139,588</u>	<u>101,020,339</u>
Long-term liabilities outstanding	9,430,528	8,973,944	8,057,490	8,764,497	17,488,018	17,738,441
Other liabilities	<u>6,177,225</u>	<u>6,518,663</u>	<u>2,862,333</u>	<u>3,458,747</u>	<u>9,039,558</u>	<u>9,977,410</u>
Total liabilities	<u>15,607,753</u>	<u>15,492,607</u>	<u>10,919,823</u>	<u>12,223,244</u>	<u>26,527,576</u>	<u>27,715,851</u>
Net assets:						
Invested in capital assets, net						
of related debt	26,076,987	26,678,844	9,959,362	6,786,181	36,036,349	33,465,025
Restricted	8,086,613	10,339,244	12,100,292	11,789,273	20,186,905	22,128,517
Unrestricted	<u>5,222,655</u>	<u>5,480,540</u>	<u>9,166,103</u>	<u>12,230,406</u>	<u>14,388,758</u>	<u>17,710,946</u>
Total net assets	<u>\$ 39,386,255</u>	<u>\$ 42,498,628</u>	<u>\$ 31,225,757</u>	<u>\$ 30,805,860</u>	<u>\$ 70,612,012</u>	<u>\$73,304,488</u>

By far, the largest portion of the County's net assets, \$36,036,349 (51%), is its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets, \$20,186,905 (28.6%), represents resources that are subject to external restrictions on how they may be used. The County's unrestricted net assets are \$14,388,758 (20.4%). These assets may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the 2008 fiscal year, the County is able to report positive balances in all three net asset categories (invested in capital asset-net of related debt, restricted and unrestricted) both for the government as a whole, as well as for its separate governmental and business-type activities.

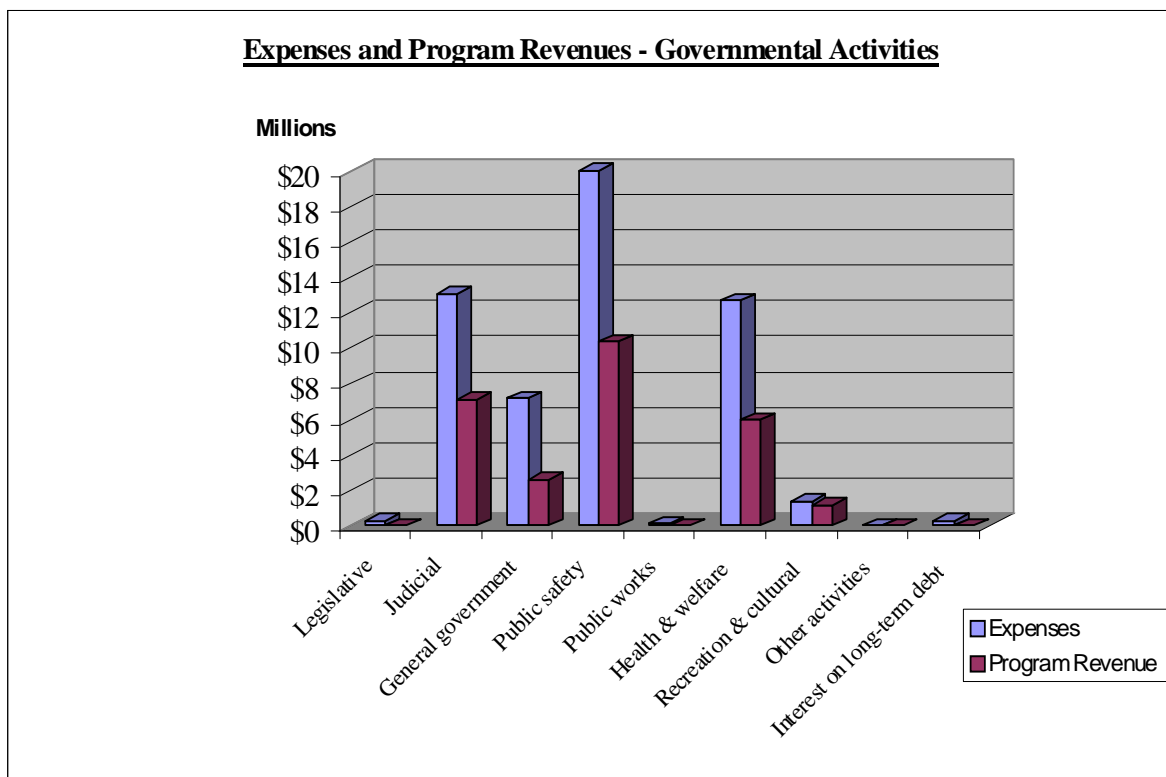
COUNTY'S CHANGES IN NET ASSETS

	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Revenue:						
Program revenue:						
Charges for services	\$ 14,240,061	\$ 13,543,082	\$ 13,733,696	\$ 12,770,670	\$ 27,973,757	\$ 26,313,752
Operating grants and contributions	12,847,689	14,162,363	453,690	1,196,474	13,301,379	15,358,837
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	22,440,230	22,437,356	995,653	929,771	23,435,883	23,367,127
Other	<u>831,734</u>	<u>1,135,535</u>	<u>-</u>	<u>-</u>	<u>831,734</u>	<u>1,135,535</u>
Total revenue	<u>50,359,714</u>	<u>51,278,336</u>	<u>15,183,039</u>	<u>14,896,915</u>	<u>65,542,753</u>	<u>66,175,251</u>
Expenses:						
Legislative	264,497	259,468	-	-	264,497	259,468
Judicial	13,101,700	12,838,999	-	-	13,101,700	12,838,999
General government	7,155,740	6,663,685	-	-	7,155,740	6,663,685
Public safety	20,020,438	19,222,310	-	-	20,020,438	19,222,310
Public works	120,455	98,130	-	-	120,455	98,130
Health and welfare	12,661,937	12,282,729	-	-	12,661,937	12,282,729
Recreation and cultural	1,395,784	1,349,696	-	-	1,395,784	1,349,696
Interest on long-term debt	272,244	285,554	-	-	272,244	285,554
Medical Care facility	-	-	12,145,234	10,619,996	12,145,234	10,619,996
Delinquent tax collections	-	-	484,567	478,706	484,567	478,706
Inmate concessions	-	-	603,588	628,914	603,588	628,914
Property description	<u>-</u>	<u>-</u>	<u>1,253</u>	<u>1,911</u>	<u>1,253</u>	<u>1,911</u>
Total expenses	<u>54,992,795</u>	<u>53,000,571</u>	<u>13,234,642</u>	<u>11,729,527</u>	<u>68,227,437</u>	<u>64,730,098</u>
Increase (decrease) in net assets						
before transfers	(4,633,081)	(1,722,235)	1,948,397	3,167,388	(2,684,684)	1,445,153
Transfers	<u>1,520,708</u>	<u>1,658,333</u>	<u>(1,528,500)</u>	<u>(1,658,333)</u>	<u>(7,792)</u>	<u>-</u>
Increase (decrease) in net assets	(3,112,373)	(63,902)	419,897	1,509,055	(2,692,476)	1,445,153
Net assets – beginning of year	<u>42,498,628</u>	<u>42,562,530</u>	<u>30,805,860</u>	<u>29,296,805</u>	<u>73,304,488</u>	<u>71,859,335</u>
Net assets - end of year	<u>\$ 39,386,255</u>	<u>\$ 42,498,628</u>	<u>\$ 31,225,757</u>	<u>\$ 30,805,860</u>	<u>\$ 70,612,012</u>	<u>\$ 73,304,488</u>

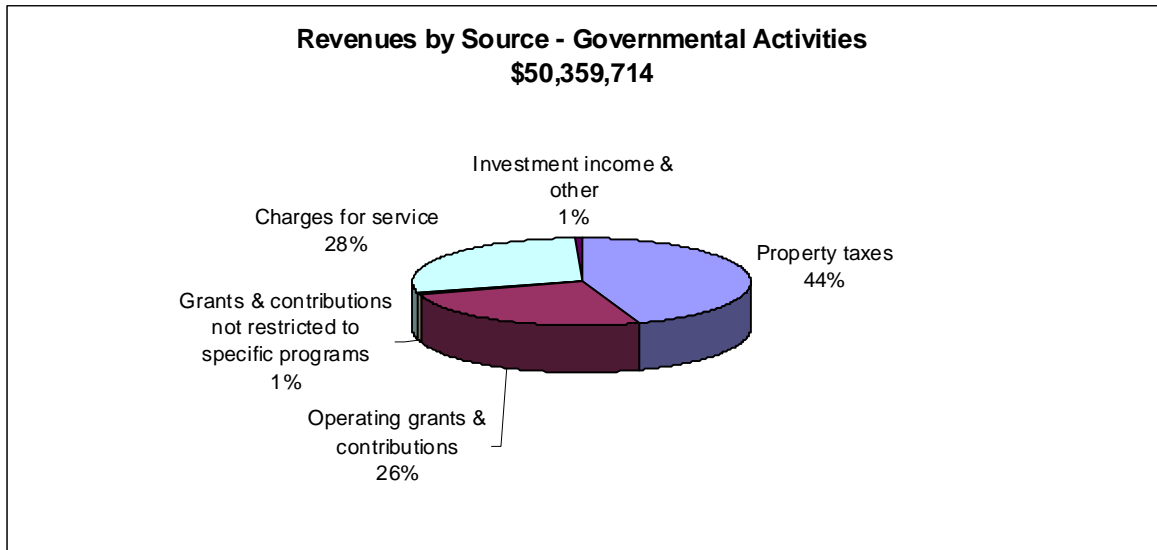
The County's net assets decreased by \$2,692,476 during the current fiscal year; however, governmental activities experienced a decrease of \$3,112,373 whereas business-type activities had an increase of \$419,897.

Governmental activities. Net assets decreased by \$3,112,373. Items of note relative to governmental activities include the following:

- Charges for services experienced a net increase of \$697,000 (5.1%) during the year mainly due to significant revenues increases in the Public Safety area. Additional jail bed rental reimbursement for federal detainees was recognized as a result of an increase of daily bed rental rate effective 3/1/08. This is offset by decreases in District Court costs, Register of Deeds fees, and Department of Human Services (DHS) fees.
- Operating Grants and Contributions decreased approximately \$1,315,000 (9.3%) during the year due to the reduction or termination of the revenue from various grants within the Health Department, amended representation of State Liquor Tax installments, and the elimination of a local contribution to assist with Debt Service payments.
- Unrestricted Investment Earnings have decreased approximately \$333,000 (53.4%), mostly due to declining interest rates.

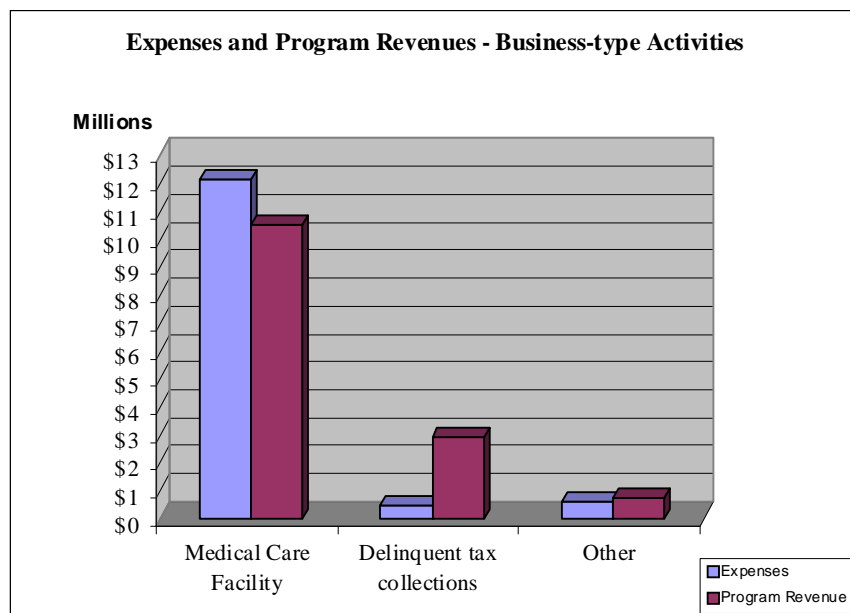


A rise in expenses for any given year can be attributed to a number of factors including growth in the demand for services and continually rising salary and fringe costs. Expenses in 2008 were greater than the prior year by \$2.0 million with increases mainly due to the initial presentation of the net other postemployment benefit (OPEB) obligation, operational costs associated with the Federal and State Elections, increased contractual health care costs for jail inmates, and Department of Human Services (DHS) expenses.



Business-type activities. Business-type activities increased the County's net assets by \$419,897 for the current year. The key elements of the current year increase are as follows:

- The Medical Care Facility had a decrease in net assets of \$614,824 mainly due to a decline in interest revenue. Expenses increased by approximately \$1.5 million primarily due to increased operation costs as a result of recent expansions.
- The Delinquent Tax Revolving Fund contributed \$2.4 million to the increase in net assets before transfers but after a \$1.5 million transfer to the General Fund, the remaining contribution totaled \$913,586. This contribution is the result of the change in state law that increased the interest rate charged on delinquent taxes from 1 percent per month to 1.5 percent per month and, in addition, the County continues to enjoy favorable interest rates in borrowing to redeem delinquent taxes.



Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$11,973,934, a decrease of \$1,929,834 in comparison with the prior year, with some factors that led to this use of fund balance listed below. Of the fund balance amount, \$11,841,191 constitutes *unreserved fund balance*, which is available for spending at the government's discretion.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$3,846,820, while total fund balance was \$3,924,045. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to prior year expenditures. Unreserved fund balance represents 9.9 percent of total general fund expenditures for the prior year thereby meeting the Board of Commissioners adopted policy, as well as the Government Finance Officer's Association recommended practices.

The County's General Fund – fund balance increased by \$388,060 during the current fiscal year. This is attributable to expenditure savings due to prudent fiscal management, vacant/unfilled positions, and, as previously mentioned, additional jail bed rental reimbursement for federal detainees due to the increase of daily bed rental rates effective 3/1/08.

The Health Department experienced a slight increase to fund balance during 2008. Revenue decreased by \$410 thousand or 12.5 percent mainly due to grant funding reductions. Consequently, expenditures were down by \$435 thousand or 10.6 percent, mainly due to unfilled vacant positions as well as a reduction in cost allocation charges.

The Senior Millage fund decreased their fund balance by \$50,000 during 2008 primarily due to an increase in services provided to seniors. Total fund balance at the end of the year is \$467,564.

The Revenue Sharing Reserve fund has a total fund balance of \$4,505,102. Public Act 357 of 2004 required the County to establish a restricted fund and place one-third of the annual property tax levy in this fund during the years 2004-2006. Since then, the County has annually withdrawn an amount from the reserve fund that is equal to the prior year amount adjusted for an inflationary factor. This practice will continue until the fund balance is exhausted, projected to be part-way through 2010.

The Child Care fund has a fund balance of \$161,057 representing current year savings that will be used to fund the home-care expenditures (both inside and outside of the home) for children programs in the upcoming fiscal year.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Delinquent Tax Revolving Fund and the Medical Care Facility at the end of the year amounted to \$7.6 million and \$1.4 million, respectively. This is a net decrease of \$3.2 million from the previous year, which includes a \$3.7 million decrease in the Medical Care Facility and a \$.3 million increase in the Delinquent Tax Revolving Fund. Factors concerning the finances of these funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

Revenues in the general fund (including transfers in) increased \$464,318 from the original to the final budget. This was primarily attributable to increased revenues for Sheriff Service fees and Charges for Services relating to jail bed rental reimbursement and Public Safety contracted operations (\$344,000) and additional reimbursement received for Election fees (\$44,000).

A corresponding increase in budgeted expenditures in the general fund (including transfers out) of \$402,805 occurred from the original to final budget. Capital Outlay costs were increased due to Public Safety vehicle purchases and technology improvements (\$117,000). In conjunction with the revenue increases in the Public Safety and Election areas mentioned above, it was necessary to increase the associated expenditures for various services rendered totaling \$123,000 and \$80,000 respectively.

Overall during the year, total general fund revenues and expenditures were less than or equal to the final budget.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets (net of accumulated depreciation) as of December 31, 2008 for its governmental and business-type activities amounted to \$32,940,182 and \$17,766,852 respectively. These capital assets include land, buildings and improvements, equipment and furniture, and vehicles.

The total increase in the County's investment in capital assets for the current fiscal year was \$1,961,390 with the main contributor being renovations/construction costs at the Medical Care Facility, a business-type activity.

THE COUNTY'S CAPITAL ASSETS
(Net of depreciation)

	Governmental activities	Business-type activities	Total
Land	\$ 1,266,264	\$ -	\$ 1,266,264
Construction in process	-	545,617	545,617
Buildings and improvements	29,490,343	16,445,743	45,936,086
Equipment and furniture	1,852,936	775,492	2,628,428
Vehicles	330,639	-	330,639
	<u>\$32,940,182</u>	<u>\$17,766,852</u>	<u>\$50,707,034</u>

Additional information on the County's capital assets can be found in note III.D. on pages 51-54 of this report.

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$14,905,000, a decrease of \$999,693 during the current fiscal year. The County issued \$500,000 less in delinquent tax notes compared to the prior year, and also refunded \$7,154,693 in general obligation bonds with a new issue of \$6,855,000, a net decrease of \$299,693.

THE COUNTY'S OUTSTANDING DEBT
General Obligation

	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 6,855,000	\$ 7,154,693	\$ 7,800,000	\$ 8,000,000	\$ 14,655,000	\$ 15,154,693
Delinquent tax notes	-	-	250,000	750,000	250,000	750,000
	<u>\$ 6,855,000</u>	<u>\$ 7,154,693</u>	<u>\$ 8,050,000</u>	<u>\$ 8,750,000</u>	<u>\$ 14,905,000</u>	<u>\$ 15,904,693</u>

The County has an "A" rating for both general obligation bonds and tax anticipation notes from Standard & Poor's.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation (i.e., State Equalized Value). The current debt limitation for the County is \$455,317,890, which is significantly in excess of the County's outstanding general obligation debt.

Additional information on the County's long-term debt can be found in note III.H. on pages 57-62 of this report.

Economic Factors and Next Year's Budgets

The following factors were considered in preparing the County's budget for the 2009 fiscal year:

- The economic downturn, stock market decline, declining housing sales, and foreclosures have impacted fiscal operations. The historical rate of increase in taxable value of real and personal property in the County is 3 to 4 percent per year. We do not anticipate that this trend will continue at least in the short-term.
- Interest rates are at historically low levels which affect interest earnings.
- National trends in escalating healthcare insurance costs have caused projections to point to a doubling of those costs over the next four to five years. This has resulted in a continual review of benefits and the implementation of strategies to control these costs.
- Under the Michigan Constitution, taxable value growth for each parcel of property is limited to the rate of inflation or a maximum allowable increase of 5.0%, whichever is smaller, until a property changes ownership. Property tax revenues are budgeted to increase slightly, however a softening real estate market, new renaissance zones, and an unknown foreclosure rate may have a negative impact.
- The State of Michigan has been dealing with projected budgetary shortfalls for the past several years, and that trend is projected to continue into the future. The State has passed legislation that provides a funding mechanism to serve as a substitute for state revenue sharing payments. Annually, the County may make use of amounts equal to the 2003-04 State revenue sharing payments adjusted for inflation. Those payments will be depleted in mid 2010 and the state has offered no assurance of reinstatement of revenue sharing.
- The County policy is to maintain a general fund unreserved balance that is 8.0% - 12.0% of operating expenditures of the previous year. The 2009 budget was developed with a fund balance within these policy guidelines.
- Inflationary trends in the region compare favorably to national indices.

Contacting the County's Financial Management

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to The County Finance Department, 315 West Green Street, Marshall, Michigan 49068.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF CALHOUN, MICHIGAN
Statement of Net Assets
December 31, 2008

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 11,028,033	\$ 10,386,606	\$ 21,414,639	\$ 556,731
Investments	38,278	1,515,486	1,553,764	-
Receivables, net	10,536,326	12,160,127	22,696,453	15,263,740
Internal balances	(243,280)	243,280	-	-
Prepaid items and other assets	694,469	73,229	767,698	1,020,103
Capital assets not being depreciated	1,266,264	545,617	1,811,881	24,460,486
Capital assets being depreciated, net	31,673,918	17,221,235	48,895,153	23,312,024
Total assets	54,994,008	42,145,580	97,139,588	64,613,084
Liabilities				
Accounts payable and accrued liabilities	3,185,969	1,939,374	5,125,343	3,212,942
Unearned revenue	2,991,256	922,959	3,914,215	483,459
Long-term liabilities:				
Due within one year	1,976,172	457,490	2,433,662	1,772,748
Due in more than one year	6,610,564	7,600,000	14,210,564	13,171,821
Other noncurrent liability - net other postemployment benefit liability	843,792	-	843,792	94,072
Total liabilities	15,607,753	10,919,823	26,527,576	18,735,042
Net assets				
Invested in capital assets, net of related debt	26,076,987	9,959,362	36,036,349	44,321,060
Restricted for:				
Debt service	-	10,063,823	10,063,823	-
State revenue sharing	4,505,102	-	4,505,102	-
Programs	3,544,965	2,036,469	5,581,434	-
Perpetual care - nonexpendable	36,546	-	36,546	-
Unrestricted	5,222,655	9,166,103	14,388,758	1,556,982
Total net assets	\$ 39,386,255	\$ 31,225,757	\$ 70,612,012	\$ 45,878,042

The accompanying notes are an integral part of these financial statements.

COUNTY OF CALHOUN, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
Legislative	\$ 264,497	\$ -	\$ -	\$ -	\$ (264,497)
Judicial	13,101,700	3,901,000	3,222,971	-	(5,977,729)
General government	7,155,740	1,297,654	1,276,939	-	(4,581,147)
Public safety	20,020,438	7,971,988	2,362,545	-	(9,685,905)
Public works	120,455	-	-	-	(120,455)
Health and welfare	12,661,937	715,933	5,207,587	-	(6,738,417)
Recreation and cultural	1,395,784	353,486	777,574	-	(264,724)
Interest on long-term debt	272,244	-	73	-	(272,171)
Total governmental activities	<u>54,992,795</u>	<u>14,240,061</u>	<u>12,847,689</u>	<u>-</u>	<u>(27,905,045)</u>
Business-type activities:					
Medical Care Facility	12,145,234	10,423,707	111,050	-	(1,610,477)
Delinquent tax collections/forfeitures	484,567	2,555,513	342,640	-	2,413,586
Inmate concessions	603,588	754,476	-	-	150,888
Property description	1,253	-	-	-	(1,253)
Total business-type activities	<u>13,234,642</u>	<u>13,733,696</u>	<u>453,690</u>	<u>-</u>	<u>952,744</u>
Total primary government	<u>\$ 68,227,437</u>	<u>\$ 27,973,757</u>	<u>\$ 13,301,379</u>	<u>\$ -</u>	<u>\$ (26,952,301)</u>
Component units					
County Drains	\$ 334,019	\$ -	\$ 30,493	\$ 133,379	\$ (170,147)
County Roads	12,912,807	2,824,976	9,798,662	32,909	(256,260)
Board of Public Works	713,427	34,743	687,389	-	8,705
Land Bank	8,480	804	-	-	(7,676)
Total component units	<u>\$ 13,968,733</u>	<u>\$ 2,860,523</u>	<u>\$ 10,516,544</u>	<u>\$ 166,288</u>	<u>\$ (425,378)</u>

continued...

COUNTY OF CALHOUN, MICHIGAN
Statement of Activities (Concluded)
For the Year Ended December 31, 2008

Functions/Programs	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net assets				
Net (expense) revenue	\$ (27,905,045)	\$ 952,744	\$ (26,952,301)	\$ (425,378)
General revenues:				
Property taxes	22,440,230	995,653	23,435,883	-
Grants and contributions not restricted to specific programs	541,822	-	541,822	-
Unrestricted investment earnings	289,912	-	289,912	5,474
Gain on sale of capital assets	-	-	-	102,236
Transfers - internal activities	1,520,708	(1,528,500)	(7,792)	-
 Total general revenues and transfers	 24,792,672	 (532,847)	 24,259,825	 107,710
 Change in net assets	 (3,112,373)	 419,897	 (2,692,476)	 (317,668)
 Net assets, beginning of year	 42,498,628	 30,805,860	 73,304,488	 46,195,710
 Net assets, end of year	 \$ 39,386,255	 \$ 31,225,757	 \$ 70,612,012	 \$ 45,878,042

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

COUNTY OF CALHOUN, MICHIGAN

Balance Sheet Governmental Funds December 31, 2008

	General Fund	Health Department	Senior Millage	Revenue Sharing Reserve	Child Care	Other Governmental Funds	Total
<u>ASSETS</u>							
Assets							
Cash and cash equivalents	\$ 1,010,821	\$ 491,180	\$ 941,847	\$ 4,049,303	\$ -	\$ 1,886,334	\$ 8,379,485
Investments	-	-	-	-	-	38,278	38,278
Receivables:							
Accounts	373,187	94,148	-	-	29,903	366,052	863,290
Current taxes	2,264,165	-	2,739,342	-	-	-	5,003,507
Delinquent taxes	260,636	-	46,198	-	-	13,780	320,614
Accrued interest	8,120	-	795	3,977	-	1,141	14,033
Due from other governments	2,606,696	65,720	-	-	544,346	963,762	4,180,524
Due from other funds	4,942	-	-	-	-	2,526	7,468
Interfund receivable	-	-	-	451,822	-	-	451,822
Advances to component units	76,600	-	-	-	-	-	76,600
Prepaid items	625	-	-	-	-	18,972	19,597
<u>TOTAL ASSETS</u>	\$ 6,605,792	\$ 651,048	\$ 3,728,182	\$ 4,505,102	\$ 574,249	\$ 3,290,845	\$ 19,355,218
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities							
Accounts payable	\$ 356,314	\$ 29,883	\$ 372,774	\$ -	\$ 52,438	\$ 284,465	\$ 1,095,874
Accrued payroll	599,179	30,463	3,424	-	72,744	135,111	840,921
Due to other governments	-	151,929	-	-	-	41,000	192,929
Due to individuals and agencies	-	20,042	-	-	-	-	20,042
Due to other funds	-	-	-	-	-	7,102	7,102
Interfund payables	-	-	-	-	287,080	164,742	451,822
Deferred revenue	1,726,254	120,942	2,884,420	-	930	40,048	4,772,594
Total liabilities	2,681,747	353,259	3,260,618	-	413,192	672,468	7,381,284
Fund balances							
Reserved for advances and prepaid items	77,225	-	-	-	-	18,972	96,197
Reserved for perpetual care	-	-	-	-	-	36,546	36,546
Unreserved:							
Undesignated	3,846,820	297,789	467,564	4,505,102	161,057	-	9,278,332
Undesignated, reported in nonmajor:							
Special revenue funds	-	-	-	-	-	2,553,473	2,553,473
Debt service funds	-	-	-	-	-	7,580	7,580
Permanent funds	-	-	-	-	-	1,806	1,806
Total fund balances	3,924,045	297,789	467,564	4,505,102	161,057	2,618,377	11,973,934
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 6,605,792	\$ 651,048	\$ 3,728,182	\$ 4,505,102	\$ 574,249	\$ 3,290,845	\$ 19,355,218

The accompanying notes are an integral part of these financial statements.

COUNTY OF CALHOUN, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets
of Governmental Activities on the Statement of Net Assets
December 31, 2008

Fund balances - total governmental funds	\$ 11,973,934
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.

Add - capital assets not being depreciated	1,266,264
Add - capital assets being depreciated	57,420,828
Deduct - accumulated depreciation	(28,681,742)

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred revenues in the governmental funds, and thus are not included in fund balance.

Add - deferred property taxes	1,782,307
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Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets.

Add - net assets of governmental activities accounted for in internal service funds	4,869,736
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Certain liabilities, such as bonds and capital leases payable, are not due and payable in the current period, and therefore are not reported in the funds.

Deduct - bonds and capital leases payable, long-term portion	(6,526,241)
Deduct - bonds and capital leases payable, current portion	(353,845)
Add - unamortized bond issuance costs	172,464
Add - unamortized bond discount	73,282
Deduct - unamortized gain on bond refunding	(13,275)
Deduct - other postemployment benefit obligation	(843,792)
Deduct - compensated absences	(1,551,077)
Deduct - accrued interest on long-term liabilities	(202,588)

Net assets of governmental activities	<u><u>\$ 39,386,255</u></u>
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The accompanying notes are an integral part of these financial statements.

COUNTY OF CALHOUN, MICHIGAN
Statement of Revenue, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

	General Fund	Health Department	Senior Millage	Revenue Sharing Reserve	Child Care	Other Governmental Funds	Total
Revenue							
Taxes	\$ 18,778,923	\$ -	\$ 2,737,566	\$ -	\$ -	\$ 961,599	\$ 22,478,088
Licenses and permits	82,026	297,674	-	-	-	14,330	394,030
Intergovernmental	2,323,593	2,383,905	10,000	-	2,370,831	4,441,789	11,530,118
Charges for services	11,875,775	176,603	-	-	165,615	499,050	12,717,043
Fines and forfeitures	944,600	-	-	-	-	19,455	964,055
Interest and rents	176,391	-	44,386	110,625	-	22,332	353,734
Other	972,166	3,856	1,426	-	-	1,064,904	2,042,352
Total revenue	35,153,474	2,862,038	2,793,378	110,625	2,536,446	7,023,459	50,479,420
Expenditures							
Current:							
Legislative	216,517	-	-	-	-	-	216,517
Judicial	8,307,102	-	-	-	-	3,877,634	12,184,736
General government	6,648,296	-	-	-	-	-	6,648,296
Public safety	15,159,727	-	-	-	-	2,414,304	17,574,031
Public works	120,455	-	-	-	-	-	120,455
Health and welfare	656,654	3,599,430	2,843,724	-	4,861,683	732,831	12,694,322
Recreation and cultural	-	-	-	-	-	1,229,966	1,229,966
Other	2,383,042	-	-	-	-	1,898	2,384,940
Debt service:							
Principal	28,308	4,491	-	-	-	532,164	564,963
Interest and fiscal charges	1,359	49	-	-	-	136,719	138,127
Bond issuance costs	-	-	-	-	-	172,464	172,464
Capital outlay	180,316	79,113	-	-	66,120	90,927	416,476
Total expenditures	33,701,776	3,683,083	2,843,724	-	4,927,803	9,188,907	54,345,293
Revenue over (under) expenditures	1,451,698	(821,045)	(50,346)	110,625	(2,391,357)	(2,165,448)	(3,865,873)
Other financing sources (uses)							
Issuance of refunding bonds	-	-	-	-	-	6,855,000	6,855,000
Discount on refunding bonds	-	-	-	-	-	(73,282)	(73,282)
Payment to refunding bond escrow agent	-	-	-	-	-	(6,609,254)	(6,609,254)
Proceeds from capital leases	33,759	-	-	-	-	-	33,759
Transfers in	4,833,977	836,124	-	-	2,102,413	2,917,103	10,689,617
Transfers out	(5,931,374)	-	-	(2,874,906)	-	(153,521)	(8,959,801)
Total other financing sources (uses)	(1,063,638)	836,124	-	(2,874,906)	2,102,413	2,936,046	1,936,039
Net change in fund balances	388,060	15,079	(50,346)	(2,764,281)	(288,944)	770,598	(1,929,834)
Fund balances, beginning of year	3,535,985	282,710	517,910	7,269,383	450,001	1,847,779	13,903,768
Fund balances, end of year	\$ 3,924,045	\$ 297,789	\$ 467,564	\$ 4,505,102	\$ 161,057	\$ 2,618,377	\$ 11,973,934

The accompanying notes are an integral part of these financial statements.

COUNTY OF CALHOUN, MICHIGAN
Reconciliation of the Statement of Revenue, Expenditures
and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2008

Net change in fund balances - total governmental funds \$ (1,929,834)

Amounts reported for *governmental activities* in the statement of activities are different

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add - capital outlay	416,476
Deduct - depreciation expense	(1,534,078)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Deduct - change in deferred property taxes and special assessments	(37,858)
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long term-liabilities.

Deduct - proceeds of long-term debt issuance	(6,855,000)
Add - principal payments on long-term liabilities	564,963
Add - amortization of discount on bonds	73,282
Add - payment to refunding bond escrow agent	6,609,254
Add - refunding bond issuance costs	172,464
Deduct - proceeds from capital leases	(33,759)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Deduct - change in accrued interest on bonds	(134,117)
Deduct - increase in the accrual for net other postemployment benefit obligations	(843,792)
Add - decrease in the accrual of compensated absences	16,810

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities -

Add - interest revenue from governmental internal service funds	2,896
Add - net operating income from governmental activities accounted for in internal service funds	609,028
Deduct - internal activities (transfers) accounted for in internal service funds	(209,108)

Change in net assets of governmental activities	\$ (3,112,373)
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The accompanying notes are an integral part of these financial statements.

COUNTY OF CALHOUN, MICHIGAN
Statement of Revenue, Expenditures, and
Changes in Fund Balance - Budget and Actual
General Fund

For the Year Ended December 31, 2008

(With Comparative Actual Amounts for the Year Ended December 31, 2007)

	Original Budget	Amended Budget	Actual	Over (Under) Budget	2007
Revenue					
Taxes:					
Property taxes	\$ 18,076,026	\$ 18,076,026	\$ 18,305,152	\$ 229,126	\$ 17,480,181
Industrial/commercial facilities tax	419,616	419,616	400,858	(18,758)	386,582
Payment in lieu of taxes	35,000	35,000	22,711	(12,289)	38,746
Trailer fees	15,500	15,500	18,106	2,606	12,844
Interest and fees	12,000	12,000	32,096	20,096	23,023
Total taxes	18,558,142	18,558,142	18,778,923	220,781	17,941,376
Licenses and permits:					
Dog licenses	59,000	59,000	58,448	(552)	54,029
Concealed weapons licenses	11,000	11,000	18,668	7,668	10,608
Marriage licenses	4,200	4,200	4,910	710	4,730
Total licenses and permits	74,200	74,200	82,026	7,826	69,367
Intergovernmental:					
Emergency services	24,000	24,000	22,995	(1,005)	25,339
Circuit judges' salary	182,900	182,900	182,896	(4)	182,896
District judges' salary	182,900	182,900	182,896	(4)	182,896
Probate judges' salary	296,325	296,325	296,445	120	295,934
Sheriff	-	15,390	43,664	28,274	11,410
Prosecuting Attorney	-	-	12,727	12,727	20,000
Juvenile officer grant	52,775	52,775	52,776	1	52,776
Marine safety	25,000	35,679	35,483	(196)	49,984
Liquor law enforcement	9,800	9,800	9,376	(424)	9,535
Liquor taxes	650,967	650,967	70,088	(580,879)	633,946
Cigarette taxes	62,622	62,622	47,439	(15,183)	66,592
Court equity program	988,740	988,740	1,018,316	29,576	1,039,966
ADC incentive	415,000	415,000	304,759	(110,241)	327,060
Juror fee reimbursement	68,000	68,000	43,733	(24,267)	64,458
Medical support program	-	-	-	-	63,750
Total intergovernmental	2,959,029	2,985,098	2,323,593	(661,505)	3,026,542
Charges for services:					
Circuit court fees	436,700	436,700	367,585	(69,115)	403,159
District court fees	2,522,291	2,522,291	2,203,989	(318,302)	2,387,673
Friend of the court fees	163,000	163,000	167,053	4,053	159,359
Probate court fees	64,700	64,700	67,598	2,898	71,785
Public defender fees	95,000	95,000	82,022	(12,978)	82,604
Election fees	36,150	80,377	80,377	-	31,054
Clerk/register fees	1,135,495	1,135,495	939,699	(195,796)	1,104,865
Prosecuting attorney fees	75,000	75,000	43,505	(31,495)	58,797
Equalization fees	6,000	6,000	41,582	35,582	6,203
Treasurer fees	15,000	15,000	11,274	(3,726)	10,616
Survey and remonumentation	17,800	21,146	21,862	716	19,606
Sheriff service fees	6,638,656	6,956,326	7,820,289	863,963	6,701,602
Collection fees	7,500	7,500	12,606	5,106	18,933
Cooperative extension fees	17,367	17,367	16,334	(1,033)	16,926
Total charges for services	11,230,659	11,595,902	11,875,775	279,873	11,073,182

(continued...)

COUNTY OF CALHOUN, MICHIGAN
Statement of Revenue, Expenditures, and
Changes in Fund Balance - Budget and Actual (Continued)
General Fund
For the Year Ended December 31, 2008
(With Comparative Actual Amounts for the Year Ended December 31, 2007)

	Original Budget	Amended Budget	Actual	Over (Under) Budget	2007
Revenue (continued)					
Fines and forfeitures:					
Bond forfeitures	\$ 100,000	\$ 100,000	\$ 87,006	\$ (12,994)	\$ 87,261
Ordinance fines and costs	950,000	950,000	857,594	(92,406)	872,029
Total fines and forfeitures	1,050,000	1,050,000	944,600	(105,400)	959,290
Interest and rents:					
Interest on investments	330,000	330,000	176,391	(153,609)	310,609
Other:					
Vending commissions	600	600	212	(388)	372
Sale of equipment	-	-	-	-	676
Indirect cost reimbursements	311,925	311,925	250,002	(61,923)	451,247
Miscellaneous	705,258	730,008	721,952	(8,056)	701,079
Total other	1,017,783	1,042,533	972,166	(70,367)	1,153,374
Total revenue	35,219,813	35,635,875	35,153,474	(482,401)	34,533,740
Expenditures					
Legislative:					
Board of commissioners	232,106	232,106	216,517	(15,589)	219,096
Judicial:					
Circuit court	949,453	949,453	936,012	(13,441)	897,862
Circuit court - family	1,205,846	1,111,982	990,853	(121,129)	1,095,308
Indigent public defender	1,936,450	1,929,770	1,810,484	(119,286)	1,977,461
District court	3,584,557	3,581,095	3,524,312	(56,783)	3,447,540
Probate court	859,376	860,026	845,842	(14,184)	819,690
Circuit court probation	34,406	34,406	34,336	(70)	32,917
Court services	158,582	165,263	165,263	-	155,875
Total judicial	8,728,670	8,631,995	8,307,102	(324,893)	8,426,653
General government:					
Elections	187,328	267,256	267,256	-	101,544
Civil counsel	135,640	152,486	152,484	(2)	122,089
Clerk of the circuit court	557,933	522,234	521,770	(464)	530,835
Clerk/register	710,710	710,710	700,380	(10,330)	654,744
Administrator	351,508	393,831	388,211	(5,620)	333,499
Finance	490,196	490,196	490,130	(66)	398,639
Equalization	349,057	349,057	346,333	(2,724)	316,603
Personnel	240,773	223,927	175,250	(48,677)	221,072
Purchasing	59,821	59,821	58,896	(925)	57,641
Prosecuting attorney	2,551,416	2,549,356	2,342,759	(206,597)	2,403,491
Treasurer	532,305	564,485	564,485	-	520,180
Cooperative extension	193,578	193,578	192,250	(1,328)	185,031

(continued...)

COUNTY OF CALHOUN, MICHIGAN
Statement of Revenue, Expenditures, and
Changes in Fund Balance - Budget and Actual (Continued)
General Fund
For the Year Ended December 31, 2008
(With Comparative Actual Amounts for the Year Ended December 31, 2007)

	Original Budget	Amended Budget	Actual	Over (Under) Budget	2007
Expenditures (continued)					
General government (concluded):					
Drain commissioner	\$ 217,911	\$ 222,457	\$ 222,456	\$ (1)	\$ 217,467
Administrative services	121,426	84,723	74,229	(10,494)	117,862
Planning department	33,508	34,458	34,440	(18)	32,460
Emergency services	103,842	103,842	101,467	(2,375)	109,215
Soil conservation district	10,000	15,000	15,000	-	10,000
Potawatomi RC&D	500	500	500	-	500
Total general government	6,847,452	6,937,917	6,648,296	(289,621)	6,332,872
Public safety:					
Sheriff - administration	653,358	718,358	718,276	(82)	715,550
Support service	318,889	318,889	303,905	(14,984)	293,528
Detective division	84,483	89,748	89,747	(1)	83,876
Road patrol	1,254,995	1,364,685	1,365,480	795	1,299,497
Tekonsha contract	68,162	32,944	32,944	-	62,632
Pennfield contract	787,977	833,612	833,612	-	787,742
Traffic safety	430,487	341,582	341,582	-	364,413
Sheriff training	100,277	100,277	95,199	(5,078)	86,100
Air National Guard	-	-	-	-	2,217
MDOT	-	6,900	6,896	(4)	6,124
Convis Township contract	79,416	79,416	71,857	(7,559)	71,829
Civil process	115,893	111,448	111,838	390	106,073
COPS/DARE	50,546	53,651	53,650	(1)	54,449
CISD	66,018	67,528	67,527	(1)	21,566
Marine safety	59,488	56,883	58,252	1,369	52,490
Work program	125,606	125,606	58,654	(66,952)	53,590
Bench warrant	-	-	-	-	4,599
Tether program	80,518	3,068	3,067	(1)	-
Inmate cost recovery	-	-	-	-	1,663
Corrections/jail	10,491,661	10,533,325	10,514,845	(18,480)	9,667,889
Community corrections - administration	227,565	227,565	227,531	(34)	206,229
Drug enforcement	52,811	52,971	52,969	(2)	51,140
Animal control	121,908	151,908	151,896	(12)	137,408
Total public safety	15,170,058	15,270,364	15,159,727	(110,637)	14,130,604
Public works:					
Drain assessments	113,675	113,675	113,675	-	94,350
Board of public works	6,780	6,780	6,780	-	3,780
Total public works	120,455	120,455	120,455	-	98,130
Health and welfare:					
Substance abuse	44,428	44,428	35,044	(9,384)	35,917
Mental health	265,000	265,000	265,000	-	265,000
Medical examiner	176,025	176,025	175,738	(287)	204,922
Veteran's burials	50,400	50,400	48,525	(1,875)	47,175
Veteran's services	143,224	143,224	132,347	(10,877)	136,342
Total health and welfare	679,077	679,077	656,654	(22,423)	689,356

(continued...)

COUNTY OF CALHOUN, MICHIGAN
Statement of Revenue, Expenditures, and
Changes in Fund Balance - Budget and Actual (Concluded)
General Fund
For the Year Ended December 31, 2008
(With Comparative Actual Amounts for the Year Ended December 31, 2007)

	Original Budget	Amended Budget	Actual	Over (Under) Budget	2007
Expenditures (concluded)					
Other - intergovernmental services	\$ 2,188,568	\$ 2,194,368	\$ 2,383,042	\$ 188,674	\$ 2,433,524
Debt Service:					
Principal	-	28,312	28,308	(4)	16,409
Interest and fiscal charges	-	1,359	1,359	-	1,351
Total debt service	-	29,671	29,667	(4)	17,760
Capital outlay	69,200	186,374	180,316	(6,058)	185,904
Total expenditures	34,035,586	34,282,327	33,701,776	(580,551)	32,533,899
Revenue over (under) expenditures	1,184,227	1,353,548	1,451,698	98,150	1,999,841
Other financing sources (uses)					
Proceeds from capital leases	-	33,760	33,759	(1)	16,445
Transfers in	4,821,431	4,835,927	4,833,977	(1,950)	4,704,474
Transfers out	(6,009,004)	(6,165,068)	(5,931,374)	233,694	(6,175,244)
Total other financing uses	(1,187,573)	(1,295,381)	(1,063,638)	231,743	(1,454,325)
Net change in fund balance	(3,346)	58,167	388,060	329,893	545,516
Fund balance, beginning of year	3,535,985	3,535,985	3,535,985	-	2,990,469
Fund balance, end of year	\$ 3,532,639	\$ 3,594,152	\$ 3,924,045	\$ 329,893	\$ 3,535,985

The accompanying notes are an integral part of these financial statements.

COUNTY OF CALHOUN, MICHIGAN
Statement of Revenue, Expenditures, and
Changes in Fund Balance - Budget and Actual
Health Department
For the Year Ended September 30, 2008
(With Comparative Actual Amounts for the Year Ended September 30, 2007)

	Original Budget	Amended Budget	Actual	Over (Under) Budget	2007
Revenue					
Licenses and permits	\$ 306,703	\$ 306,703	\$ 297,674	\$ (9,029)	\$ 308,728
Intergovernmental	2,486,580	2,563,550	2,383,905	(179,645)	2,773,021
Charges for services	177,838	211,338	176,603	(34,735)	161,009
Other	6,108	6,108	3,856	(2,252)	29,321
Total revenue	2,977,229	3,087,699	2,862,038	(225,661)	3,272,079
Expenditures					
Current:					
Health and welfare	4,007,577	3,912,892	3,599,430	(313,462)	4,094,739
Debt service:					
Principal	6,111	6,111	4,491	(1,620)	17,478
Interest and fiscal charges	49	49	49	-	681
Capital outlay	-	94,344	79,113	(15,231)	5,450
Total expenditures	4,013,737	4,013,396	3,683,083	(330,313)	4,118,348
Revenue over (under) expenditures	(1,036,508)	(925,697)	(821,045)	104,652	(846,269)
Other financing sources					
Transfers in	854,634	854,634	836,124	(18,510)	826,266
Net change in fund balance	(181,874)	(71,063)	15,079	86,142	(20,003)
Fund balance, beginning of year	282,710	282,710	282,710	-	302,713
Fund balance, end of year	\$ 100,836	\$ 211,647	\$ 297,789	\$ 86,142	\$ 282,710

The accompanying notes are an integral part of these financial statements.

COUNTY OF CALHOUN, MICHIGAN
Statement of Revenue, Expenditures, and
Changes in Fund Balance - Budget and Actual
Senior Millage
For the Year Ended December 31, 2008
(With Comparative Actual Amounts for the Year Ended December 31, 2007)

	Original Budget	Amended Budget	Actual	Over (Under) Budget	2007
Revenue					
Taxes	\$ 2,633,983	\$ 2,633,983	\$ 2,737,566	\$ 103,583	\$ 2,544,980
Intergovernmental	-	-	10,000	10,000	-
Interest and rents	87,000	87,000	44,386	(42,614)	98,512
Other	900	900	1,426	526	1,678
Total revenue	2,721,883	2,721,883	2,793,378	71,495	2,645,170
Expenditures					
Current:					
Health and welfare	2,915,961	2,925,961	2,843,724	(82,237)	2,897,234
Net change in fund balance	(194,078)	(204,078)	(50,346)	153,732	(252,064)
Fund balance, beginning of year	517,910	517,910	517,910	-	769,974
Fund balance, end of year	\$ 323,832	\$ 313,832	\$ 467,564	\$ 153,732	\$ 517,910

The accompanying notes are an integral part of these financial statements.

COUNTY OF CALHOUN, MICHIGAN
Statement of Revenue, Expenditures, and
Changes in Fund Balance - Budget and Actual
Revenue Sharing Reserve
For the Year Ended December 31, 2008
(With Comparative Actual Amounts for the Year Ended December 31, 2007)

	Original Budget	Amended Budget	Actual	Over (Under) Budget	2007
Revenue					
Interest and rents	\$ 200,000	\$ 200,000	\$ 110,625	\$ (89,375)	\$ 311,801
Other financing uses					
Transfers out	(2,869,286)	(2,874,906)	(2,874,906)	-	(2,810,270)
Net change in fund balance	(2,669,286)	(2,674,906)	(2,764,281)	(89,375)	(2,498,469)
Fund balance, beginning of year	7,269,383	7,269,383	7,269,383	-	9,767,852
Fund balance, end of year	\$ 4,600,097	\$ 4,594,477	\$ 4,505,102	\$ (89,375)	\$ 7,269,383

The accompanying notes are an integral part of these financial statements.

COUNTY OF CALHOUN, MICHIGAN
Statement of Revenue, Expenditures, and
Changes in Fund Balance - Budget and Actual
Child Care

For the Year Ended December 31, 2008

(With Comparative Actual Amounts for the Year Ended December 31, 2007)

	Original Budget	Amended Budget	Actual	Over (Under) Budget	2007
Revenue					
Intergovernmental	\$ 2,315,001	\$ 2,382,011	\$ 2,370,831	\$ (11,180)	\$ 2,206,614
Charges for services	172,232	172,232	165,615	(6,617)	150,700
Total revenue	2,487,233	2,554,243	2,536,446	(17,797)	2,357,314
Expenditures					
Current:					
Health and welfare	5,194,862	5,192,857	4,861,683	(331,174)	4,638,879
Capital outlay	-	69,015	66,120	(2,895)	16,854
Total expenditures	5,194,862	5,261,872	4,927,803	(334,069)	4,655,733
Revenue under expenditures	(2,707,629)	(2,707,629)	(2,391,357)	316,272	(2,298,419)
Other financing sources					
Transfers in	2,257,629	2,257,629	2,102,413	(155,216)	2,748,420
Net change in fund balance	(450,000)	(450,000)	(288,944)	161,056	450,001
Fund balance, beginning of year	450,001	450,001	450,001	-	-
Fund balance, end of year	\$ 1	\$ 1	\$ 161,057	\$ 161,056	\$ 450,001

The accompanying notes are an integral part of these financial statements.

COUNTY OF CALHOUN, MICHIGAN

Statement of Net Assets

Proprietary Funds

December 31, 2008

	Business-type Activities				Governmental Activities- Internal Service Funds
	Medical Care Facility	Delinquent Tax Revolving Fund	Other Enterprise Funds	Total	
Assets					
Current assets:					
Cash and cash equivalents	\$ 1,854,490	\$ 8,345,465	\$ 144,800	\$ 10,344,755	\$ 2,648,548
Restricted cash and cash equivalents	41,851	-	-	41,851	-
Cash on hand with agents	-	-	-	-	42,565
Investments	-	1,515,486	-	1,515,486	-
Receivables:					
Accounts, net	1,200,587	-	67,039	1,267,626	43,189
Property taxes	877,585	-	-	877,585	-
Property taxes-delinquent	-	7,865,278	-	7,865,278	-
Accrued interest	-	2,149,638	-	2,149,638	-
Due from other governments	-	-	-	-	34,569
Advances to other funds	-	243,646	-	243,646	-
Inventory	-	-	-	-	3,520
Prepaid items	73,229	-	-	73,229	456,323
Total current assets	4,047,742	20,119,513	211,839	24,379,094	3,228,714
Capital assets, net	17,725,789	37,862	3,201	17,766,852	2,934,832
Total assets	21,773,531	20,157,375	215,040	42,145,946	6,163,546
Liabilities					
Current liabilities:					
Accounts payable	830,858	57,122	53,108	941,088	168,583
Accrued payroll	391,961	1,866	-	393,827	28,284
Claims payable	-	-	-	-	636,748
Other accrued liabilities	498,938	-	-	498,938	-
Due to other governments	-	105,521	-	105,521	-
Due to other funds	-	366	-	366	-
Advance from other funds	-	-	-	-	243,646
Unearned revenue	922,959	-	-	922,959	969
Tax notes payable	-	250,000	-	250,000	-
Current portion of bonds payable	200,000	-	-	200,000	-
Current portion of capital leases payable	-	7,490	-	7,490	77,250
Total current liabilities	2,844,716	422,365	53,108	3,320,189	1,155,480
Long-term liabilities:					
Bonds payable	7,600,000	-	-	7,600,000	-
Capital leases payable	-	-	-	-	138,330
Total long-term liabilities	7,600,000	-	-	7,600,000	138,330
Total liabilities	10,444,716	422,365	53,108	10,920,189	1,293,810
Net assets					
Invested in capital assets, net of related debt	9,925,789	30,372	3,201	9,959,362	2,719,252
Restricted for debt service	-	10,063,823	-	10,063,823	-
Restricted for programs	30,768	2,005,701	-	2,036,469	-
Unrestricted	1,372,258	7,635,114	158,731	9,166,103	2,150,484
Total net assets	\$ 11,328,815	\$ 19,735,010	\$ 161,932	\$ 31,225,757	\$ 4,869,736

The accompanying notes are an integral part of these financial statements.

COUNTY OF CALHOUN, MICHIGAN
Statement of Revenue, Expenses and
Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2008

	Business-type Activities				Governmental Activities- Internal Service Funds
	Medical Care Facility	Delinquent Tax Revolving Fund	Other Enterprise Funds	Total	
Operating revenue					
Charges for services	\$ 10,423,707	\$ -	\$ 754,476	\$ 11,178,183	\$ 11,292,951
Interest on taxes	-	1,385,731	-	1,385,731	-
Administrative fees and penalties	-	1,169,782	-	1,169,782	-
Other revenue	41,113	24,000	-	65,113	37,834
Total operating revenue	10,464,820	2,579,513	754,476	13,798,809	11,330,785
Operating expenses					
Personnel services / administration	6,713,419	417,002	-	7,130,421	75,413
Cost of services	-	-	-	-	10,257,196
Depreciation	622,230	15,177	1,253	638,660	389,148
Other	4,568,330	-	603,588	5,171,918	-
Total operating expenses	11,903,979	432,179	604,841	12,940,999	10,721,757
Operating income (loss)	(1,439,159)	2,147,334	149,635	857,810	609,028
Nonoperating revenue (expense)					
Taxes	995,653	-	-	995,653	-
Interest revenue	69,937	318,640	-	388,577	2,896
Interest and fiscal charges	(241,255)	(52,388)	-	(293,643)	-
Total nonoperating revenue	824,335	266,252	-	1,090,587	2,896
Income (loss) before transfers	(614,824)	2,413,586	149,635	1,948,397	611,924
Transfers					
Transfers in	-	-	-	-	140,892
Transfers out	-	(1,500,000)	(28,500)	(1,528,500)	(350,000)
Total transfers	-	(1,500,000)	(28,500)	(1,528,500)	(209,108)
Change in net assets	(614,824)	913,586	121,135	419,897	402,816
Net assets, beginning of year	11,943,639	18,821,424	40,797	30,805,860	4,466,920
Net assets, end of year	\$ 11,328,815	\$ 19,735,010	\$ 161,932	\$ 31,225,757	\$ 4,869,736

The accompanying notes are an integral part of these financial statements.

COUNTY OF CALHOUN, MICHIGAN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2008

	Business-type Activities				Governmental Activities- Internal Service Funds
	Medical Care Facility	Delinquent Tax Revolving Fund	Other Enterprise Funds	Total	
Cash flows from operating activities					
Cash received from customers	\$ 10,262,749	\$ 93,176	\$ 742,947	\$ 11,098,872	\$ -
Cash received from interfund services	-	-	-	-	11,305,725
Cash payments to suppliers	(4,514,840)	(415,469)	(593,568)	(5,523,877)	(9,880,001)
Cash payments to employees	(6,638,157)	-	-	(6,638,157)	(990,091)
Net cash provided by (used in) operating activities	(890,248)	(322,293)	149,379	(1,063,162)	435,633
Cash flows from noncapital financing activities					
Property taxes	995,653	-	-	995,653	-
Cash received on advances to other funds	-	24,300	-	24,300	-
Transfers in	-	-	-	-	140,892
Transfers (out)	-	(1,500,000)	(28,500)	(1,528,500)	(350,000)
Tax notes issued	-	5,000,000	-	5,000,000	-
Tax notes redeemed	-	(5,500,000)	-	(5,500,000)	-
Net cash provided by (used in) noncapital financing activities	995,653	(1,975,700)	(28,500)	(1,008,547)	(209,108)
Cash flows from capital and related financing activities					
Purchase of capital assets	(4,418,209)	(1,372)	-	(4,419,581)	(362,031)
Bond and capital lease payments	(200,000)	(7,007)	-	(207,007)	(65,831)
Proceeds from long-term debt	-	-	-	-	54,172
Net cash used in capital and related financing activities	(4,618,209)	(8,379)	-	(4,626,588)	(373,690)
Cash flows from investing activities					
Purchases of investments	-	(488,735)	-	(488,735)	-
Interest received	69,937	266,252	-	336,189	2,896
Interest payments	(241,255)	-	-	(241,255)	-
Net cash provided by (used in) investing activities	(171,318)	(222,483)	-	(393,801)	2,896
Net increase (decrease) in cash and cash equivalents	(4,684,122)	(2,528,855)	120,879	(7,092,098)	(144,269)
Cash and cash equivalents, beginning of year	6,580,463	10,874,320	23,921	17,478,704	2,792,817
Cash and cash equivalents, end of year	\$ 1,896,341	\$ 8,345,465	\$ 144,800	\$ 10,386,606	\$ 2,648,548
Reconciliation to the Statement of Net Assets					
Cash and cash equivalents	\$ 1,854,490	\$ 8,345,465	\$ 144,800	\$ 10,344,755	\$ 2,648,548
Restricted cash and cash equivalents	41,851	-	-	41,851	-
	\$ 1,896,341	\$ 8,345,465	\$ 144,800	\$ 10,386,606	\$ 2,648,548

COUNTY OF CALHOUN, MICHIGAN
Statement of Cash Flows (Concluded)
Proprietary Funds
For the Year Ended December 31, 2008

	Business-type Activities				Governmental Activities- Internal Service Funds
	Medical Care Facility	Delinquent Tax Revolving Fund	Other Enterprise Funds	Total	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ (1,439,159)	\$ 2,147,334	\$ 149,635	\$ 857,810	\$ 609,028
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operations:					
Depreciation	622,230	15,177	1,253	638,660	389,148
Changes in assets and liabilities:					
Cash on hand with agent	-	-	-	-	(42,565)
Accounts receivable	(126,894)	-	(11,529)	(138,423)	45,255
Property taxes-delinquent	(75,177)	(2,029,725)	-	(2,104,902)	(27,750)
Accrued interest receivable	-	(456,612)	-	(456,612)	-
Inventory	-	-	-	-	1,762
Prepaid items	68,360	-	-	68,360	(205,074)
Accounts payable	(121,877)	-	10,020	(111,857)	(15,776)
Accrued payroll	75,262	23,297	-	98,559	9,113
Claims payable	-	-	-	-	(304,177)
Other accrued liabilities	39,974	-	-	39,974	-
Due to other governments	-	(6,896)	-	(6,896)	-
Advance from other funds	-	-	-	-	(24,300)
Due to other funds	-	(14,868)	-	(14,868)	-
Unearned revenue	67,033	-	-	67,033	969
Net cash provided by (used in) operating activities	\$ (890,248)	\$ (322,293)	\$ 149,379	\$ (1,063,162)	\$ 435,633

The accompanying notes are an integral part of these financial statements.

COUNTY OF CALHOUN, MICHIGAN
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2008

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Assets		
Cash and cash equivalents	\$ 42,418	\$ 2,306,974
Investments-		
Mutual and cash management funds	7,415,136	-
Accounts receivable	<u>-</u>	<u>149,890</u>
<u>TOTAL ASSETS</u>	<u>7,457,554</u>	<u><u>\$ 2,456,864</u></u>
 Liabilities		
Accounts payable	5,419	\$ 536,626
Due to individuals and agencies	-	1,359,696
Due to other governments	<u>-</u>	<u>560,542</u>
Total liabilities	<u>5,419</u>	<u><u>\$ 2,456,864</u></u>
 Net assets held in trust for		
Retirement benefits	7,411,813	
Employee benefits	<u>40,322</u>	
Total net assets	<u><u>\$ 7,452,135</u></u>	

The accompanying notes are an integral part of these financial statements.

COUNTY OF CALHOUN, MICHIGAN
Statement of Changes in Plan Net Assets
Pension Trust Funds
For the Year Ended December 31, 2008

Additions:

Investment income:	
Change in fair value of investments	\$ (2,462,621)
Interest	220,954
Net investment loss	<u>(2,241,667)</u>
Contributions:	
Employer	762,920
Plan members	1,267,186
Total contributions	<u>2,030,106</u>
Total additions (net investment loss in excess of contributions)	<u>(211,561)</u>

Deductions:

Pension benefits paid to participants	385,050
Actuarial fees	7,055
Administrative fees	7,886
Refunds	85,416
Employee reimbursements	<u>247,552</u>
Total deductions	<u>732,959</u>
Net decrease	(944,520)

Net assets held in trust for pension benefits

Beginning of year	<u>8,396,655</u>
End of year	<u><u>\$ 7,452,135</u></u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF CALHOUN, MICHIGAN
Combining Statement of Net Assets
Component Units
December 31, 2008

	Drain Commission	Road Commission	Board of Public Works	Land Bank Authority	Total
Assets					
Cash and cash equivalents	\$ 410,107	\$ 8,498	\$ 13,048	\$ 125,078	\$ 556,731
Receivables, net	1,177,543	2,086,772	11,999,311	-	15,263,626
Interest receivable	-	-	-	114	114
Property inventory	-	-	-	101,626	101,626
Prepaid items and other assets	-	918,477	-	-	918,477
Capital assets not being depreciated	-	24,460,486	-	-	24,460,486
Capital assets being depreciated, net	3,559,829	19,752,195	-	-	23,312,024
Total assets	5,147,479	47,226,428	12,012,359	226,818	64,613,084
Liabilities					
Accounts payable and accrued liabilities	285,074	2,325,223	602,104	541	3,212,942
Unearned revenue	5,509	-	477,950	-	483,459
Net other postemployment benefit liability	-	94,072	-	-	94,072
Long-term liabilities:					
Due within one year	482,416	375,332	915,000	-	1,772,748
Due in more than one year	1,153,918	1,552,903	10,465,000	-	13,171,821
Total liabilities	1,926,917	4,347,530	12,460,054	541	18,735,042
Net assets (deficit)					
Invested in capital assets, net of related debt	1,923,495	42,397,565	-	-	44,321,060
Unrestricted (deficit)	1,297,067	481,333	(447,695)	226,277	1,556,982
Total net assets (deficit)	\$ 3,220,562	\$ 42,878,898	\$ (447,695)	\$ 226,277	\$ 45,878,042

The accompanying notes are an integral part of these financial statements.

COUNTY OF CALHOUN, MICHIGAN
Combining Statement of Activities
Component Units
For the Year Ended December 31, 2008

	Drain Commission	Road Commission	Board of Public Works	Land Bank Authority	Total
Expenses					
County Drains	\$ 334,019	\$ -	\$ -	\$ -	\$ 334,019
County Roads	-	12,912,807	-	-	12,912,807
Public Works	-	-	713,427	-	713,427
Land Bank	-	-	-	8,480	8,480
Total expenses	334,019	12,912,807	713,427	8,480	13,968,733
Program revenues					
Charges for services	-	2,824,976	34,743	804	2,860,523
Operating grants and contributions	30,493	9,798,662	687,389	-	10,516,544
Capital grants and contributions	133,379	32,909	-	-	166,288
Total program revenues	163,872	12,656,547	722,132	804	13,543,355
Net revenue (expense)	(170,147)	(256,260)	8,705	(7,676)	(425,378)
General revenues					
Unrestricted investment earnings	-	2,530	221	2,723	5,474
Gain on sale of capital assets	-	-	-	102,236	102,236
Total general revenues	-	2,530	221	104,959	107,710
Change in net assets	(170,147)	(253,730)	8,926	97,283	(317,668)
Net assets (deficit), beginning of year, as restated	3,390,709	43,132,628	(456,621)	128,994	46,195,710
Net assets (deficit), end of year	<u>\$ 3,220,562</u>	<u>\$ 42,878,898</u>	<u>\$ (447,695)</u>	<u>\$ 226,277</u>	<u>\$ 45,878,042</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF CALHOUN, MICHIGAN

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Notes to the Financial Statements

For the Year Ended December 31, 2008

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COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Calhoun, Michigan (the “County” or “government”) was incorporated in 1829 and covers an area of approximately 710 square miles in southern lower Michigan. The County operates under a 7-member elected Board of Commissioners and an appointed County Administrator/Controller. The County seat is located in the City of Marshall.

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County’s accounting policies are described below.

A. Reporting entity

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the government.

Blended Component Unit

Calhoun County Building Authority - The Building Authority is governed by a three-member board appointed by the Calhoun County Board of Commissioners. Its sole function is to oversee the financing and construction, if any, of the County’s public buildings; therefore, it is reported as if it were part of the primary government. It has been reported as a debt service fund.

Discretely Presented Component Units

Calhoun County Drain Commission (the “Drain Commission”) - All drainage districts established pursuant to the Michigan Drain Code of 1956, as amended, are separate legal entities with the power to contract, to sue and be sued, and to hold, manage and dispose of real and personal property. The statutory governing board of Chapter 20 drainage districts consists of the Drain Commissioner, the Chair of the County Board of Commissioners and one other member of the County Board of Commissioners.

The statutory governing board of Chapter 5 and 6 drainage districts consists of the Michigan Director of Agriculture and the Drain Commissioner of each county involved in the project. The County Drain Commission has sole responsibility to administer Chapter 3 and 4 drainage districts. A drainage board or drain commissioner, on behalf of the drainage district, may issue debt and levy special assessments without the prior approval of the County. The full faith and credit of the County may be given for the debt of a drainage district, which results in potential financial burden to the County.

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

Also, pursuant to the Inland Lake Level Act of 1961, after the Circuit Court of the County establishes a lake level, the Drain Commissioner has the responsibility to maintain that level with control structures and/or pumps. The Drain Commissioner may issue debt and levy special assessments to defray the expenses required to maintain the Court ordered lake levels.

Calhoun County Road Commission (the “Road Commission”) - The Road Commission, established pursuant to State statute, is governed by a five-member board appointed by the County. Its receipts are deposited with the County Treasurer, who invests certain of those deposits. The Road Commission may not issue debt or levy a tax without the approval of the County Board of Commissioners. If approval is granted, such taxes would be levied under the taxing authority of the County and included as part of the County’s total tax levy as well as reported by the Road Commission.

Calhoun County Board of Public Works (the “BPW”) - The BPW is governed by a three-member board appointed by the County. It is responsible for administering various public works construction projects and the associated debt service funds under the provisions of Act 195, Public Acts of 1957, as amended, as well as an internal service (i.e., “revolving”) fund. All of the BPW’s contractual agreements, including construction project bond issuances, require County approval.

Calhoun County Land Bank Authority (the “Land Bank Authority”) - The Land Bank Authority is a public corporation, organized pursuant to Michigan Land Bank Fast Track Public Act 258 and an Intergovernmental Agreement entered into between the Michigan Land Bank Fast Track Authority and the Calhoun County Treasurer. The Land Bank Authority is governed by a seven-member board including the Calhoun County Treasurer, who is, by law, its Chairperson, and six other members appointed by the County Board of Commissioners. The Land Bank Authority was created to acquire, hold, manage and develop tax-foreclosed properties, as well as other vacant and abandoned properties. The County Board of Commissioners can significantly influence the operations of the Land Bank Authority.

Complete financial statements for each of the following discretely presented component units may be obtained at the entity’s administrative offices.

Calhoun County Road Commission

13300 Fifteen Mile Road
Marshall, Michigan 49068

Calhoun County Board of Public Works

13300 Fifteen Mile Road
Marshall, Michigan 49068

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

Calhoun County Land Bank Authority

315 W. Green Street

Marshall, Michigan 49068

A separate, stand-alone report is not issued for the Calhoun County Drain Commission.

Funds With Other Year Ends – The financial statements of the Health Department special revenue fund are presented in the accompanying financial statements using its fiscal year end of September 30, 2008.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, or within one year for reimbursement based grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, State revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *health department fund* accounts for the activities of delivering health services to residents.

The *senior millage special revenue fund* accounts for the activities of providing senior citizen services where financing is provided by a County tax levy.

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

The *revenue sharing reserve special revenue fund* accounts for accelerated property taxes collections held for the replacement of future state shared revenues.

The *child care special revenue fund* accounts for the in-home-care programs and out-of-home child care of children where the financing is provided by state grants and County appropriations.

The County reports the following major proprietary funds:

The *Medical Care Facility fund* is used to account for the operation of the Calhoun County Medical Care Facility. Financing is provided through charges for services, Medicare and Medicaid reimbursements, and general fund appropriations.

The *delinquent tax revolving fund* accounts for the County's annual purchase of delinquent real property taxes from each of the local taxing units within the County, and the ultimate collection from the property owners of the delinquent taxes with penalty and interest. The fund also accounts for the County's issuance of debt (to provide cash flow for the purchase of the taxes) and for the resulting debt service payments.

Additionally, the County reports the following fund types:

Special revenue funds account for revenue sources that are legally restricted to expenditure for specific purposes (not including major capital projects).

Debt service funds account for the servicing of long-term debt not being financed by proprietary funds.

Permanent funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the County's cemetery.

Enterprise funds account for those operations that are financed and operated in a manner similar to private business or where the County has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The *internal service funds* account for operations that provide services (such as building and grounds care, administrative services, insurance, and employee benefits) to other departments or agencies of the County on a cost-reimbursement basis.

The *pension trust funds* are accounted for in essentially the same manner as proprietary funds, using the same measurement focus and basis of accounting. The pension trust funds account for the assets of the County's defined benefit pension plan, the 401(k) pension plan and the Flexible Benefit Plan.

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, liabilities and equity

1. Deposits and investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at fair value, which is determined as follows: a) short-term investments are reported at cost, which approximates fair value; b) securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates; c) investments that do not have established market values are reported at estimated fair value; and d) cash deposits are reported at carrying amount, which reasonably approximates fair value.

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

State statutes authorize the County to deposit in the accounts of federally insured banks, credit unions and savings and loan associations and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers' acceptances, and mutual funds composed of otherwise legal investments.

2. *Receivables and payables*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds or component units are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles, as applicable.

3. *Inventories and prepaid items*

All inventories are valued at cost using the first-in/first-out (FIFO) method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. *Capital assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

In the case of the initial capitalization of general infrastructure assets (i.e. – those reported in the Drain Commission and Road Commission component units), the component units each chose to include all items retroactively to 1980.

Capital assets of the primary government and Drain Commission component unit are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40-50
Drain and lake level infrastructure	50
Vehicles	3-20
Equipment	5-10

Capital assets in the Road Commission discretely presented component unit are depreciated as follows:

<u>Assets</u>	<u>Methods</u>	<u>Useful Lives- Years</u>
Buildings and improvements	Straight-line	40
Road equipment	Sum of years-digits	5-8
Other equipment	Straight-line	5-8
Infrastructure	Straight-line	8-50

5. *Compensated absences*

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave as it does not vest. Vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

6. *Long-term obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. *Equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

In the government-wide financial statements, governmental activities report net assets restricted for programs, which represent amounts restricted by federal and state mandates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at year end. Prior to December 31, the proposed budget is presented to the County Board of Commissioners for review, public hearings and eventual adoption through passage of an annual budget ordinance.

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

The appropriated budget is prepared by fund, function and activity for the General Fund and by fund and function for the special revenue funds. The government's administrator may make transfers of appropriations less than or equal to \$20,000 between General Fund activities and between special revenue fund functions. Transfers of appropriations between General Fund activities or special revenue fund functions greater than \$20,000 require the approval of the Board of Commissioners. The legal level of budgetary control is the activity level for the General Fund and the function level for the special revenue funds. The Board of Commissioners made several supplemental budgetary appropriations during the year which were not considered material.

B. Excess of expenditures over appropriations

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended December 31, 2008, the following activities of the General Fund had expenditures in excess of appropriations as follows:

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
Public safety:			
Road Patrol	\$ 1,364,685	\$ 1,365,480	\$ 795
Civil process	111,448	111,838	390
Marine safety	56,883	58,252	1,369
Other - intergovernmental services	2,194,368	2,383,042	188,674

These over expenditures were covered by available fund balance.

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Following is a reconciliation of deposit and investments balances (including both pooled cash and investments) as of December 31, 2008:

Statement of Net Assets:

Primary government:	
Cash and cash equivalents	\$ 21,414,639
Investments	1,553,764
Component units:	
Cash and cash equivalents	556,731

Statement of Fiduciary Net Assets

Pension trust funds:	
Cash and cash equivalents	42,418
Investments	7,415,136
Agency fund:	
Cash and cash equivalents	<u>2,306,974</u>

Total **\$ 33,289,662**

Deposits and investments:

Bank deposits	\$ 7,511,924
Investments	18,352,057
Investments – pension trust funds	7,415,136
Cash on hand	<u>10,545</u>

Total **\$ 33,289,662**

The County chooses to disclose its investments by specifically identifying each. As of year end, the County had the following investments.

	Carrying Amount (Fair Value)	Credit Rating
Investment:		
Commercial paper:		
General Mills	\$ 1,003,303	A2 (S&P)
General Electric Cap Corp	1,515,486	A1+ (S&P)
Michigan Consolidated Gas	1,009,673	A2 (S&P)
Covidien Intl Finance	1,008,820	A2 (S&P)
Governmental money market:		
Bank of America	13,534,402	AAAm (S&P)
Comerica Bank	<u>280,373</u>	Not rated
	<u>\$ 18,352,057</u>	

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. The County's investment policy limits investment maturities of commercial paper to 270 days as a means of managing its exposure to fair value losses arising from increasing interest rates. The County's investment in commercial paper adheres to the 270-day maturity requirement.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments in the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on investment credit risk. Credit risk ratings, where applicable, have been identified above for the County's investments.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. At year end, the carrying amount of the County's deposits was \$7,511,924. As of year end, \$5,819,067 of the combined bank balance of \$7,564,559 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The County's investment policy does not specifically address this risk, although the County believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the County evaluates each financial institution with which it deposits County funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the County does not have a policy for investment custodial credit risk. On the investments listed above, there is no custodial credit risk. Short-term investments in money market funds and open end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year end are reported above.

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

B. Investments – Pension Trust Fund

The investments of the County's pension trust fund are maintained separately from the County's investments, and are subject to separate investment policies and state statutes. Accordingly, the required disclosures for the pension investments are presented separately.

The Public Employee Retirement System Investment Act, State of Michigan Public Act 314 of 1965, as amended, authorizes the pension trust fund to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations. The Plan's investment policy authorizes the pension trust fund to invest in time, savings and money market deposit accounts, certain government and debt securities, commercial paper, and certain debt and equity mutual funds. The retirement board has the responsibility and authority to oversee the investment portfolio. All investment decisions are subject to Michigan law and the investment policy established by the retirement board.

The investments of the pension trust fund are held in a bank-administered trust fund. Following is a summary of the pension investments as of December 31, 2008:

**Investments at fair value, as determined by
quoted market price:**

Equity securities:

Open end mutual funds	\$ 4,456,775
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Debt securities:

Corporate bond mutual funds	1,322,743
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Bond mutual funds	1,319,143
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Money market funds	<u>316,475</u>
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Total	<u>\$ 7,415,136</u>
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Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Plan's investment policy does not discuss the maximum maturity for any single fixed income security or the weighted average portfolio maturity.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Plan's investment policy provides that investments in commercial paper be rated P1 by Moody's or A1 by Standard & Poor's and corporate debt issues (bonds, notes, debentures) be rated in the highest two categories by either Moody's Standard & Poor's, or Fitch's Manual. None of the County's pension investments were rated.

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

Custodial Credit Risk. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Plan's investment policy does not specifically address custodial credit risk. Although uninsured and unregistered, the Plan's investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department or agent in the Plan's name. Short-term investments in money market funds and open end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Plan's investment policy does not specifically limit the amount of the Plan's investments in a single issuer.

As of December 31, 2008, the Plan's investment portfolio was concentrated as follows:

Issuer	% of Portfolio
Equity securities:	
Wells Fargo Advantage	24.23%
MFS Value Fund Class W #2400	14.44%
Aim Small Cap Growth Fund Class A	8.17%
Evengreen Intrinsic Value Class I	7.11%
Debt securities:	
Wells Fargo Advantage	17.79%
Federated Total Return Bd - Inst Serv	10.63%

C. Receivables

Receivables in the primary government are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Taxes	\$ 5,324,121	\$ 8,742,863
Accounts	906,479	1,267,626
Due from other governments	4,215,093	-
Advance to component unit	76,600	-
Accrued interest	<u>14,033</u>	<u>2,149,638</u>
	<u>\$ 10,536,326</u>	<u>\$ 12,160,127</u>

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable (current)	\$ 1,463,433	\$ 2,838,524
Property taxes receivable (delinquent)	318,674	-
Grant drawdowns prior to meeting all eligibility requirements and fees received in advance of being earned	-	152,732
	<u>\$ 1,782,307</u>	<u>\$ 2,991,256</u>

D. Capital assets

Capital assets activity for the year ended December 31, 2008 was as follows:

Primary government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 1,266,264	\$ -	\$ -	\$ 1,266,264
Capital assets being depreciated:				
Buildings and improvements	48,570,850	262,967	-	48,833,817
Equipment and furniture	15,166,913	388,376	-	15,555,289
Vehicles	1,822,885	127,164	-	1,950,049
Total capital assets, being depreciated	65,560,648	778,507	-	66,339,155
Less accumulated depreciation for:				
Buildings and improvements	18,278,800	1,064,674	-	19,343,474
Equipment and furniture	13,001,575	700,778	-	13,702,353
Vehicles	1,461,636	157,774	-	1,619,410
Total accumulated depreciation	32,742,011	1,923,226	-	34,665,237
Total capital assets being depreciated, net	32,818,637	(1,144,719)	-	31,673,918
Governmental activities capital assets, net	<u>\$ 34,084,901</u>	<u>\$ (1,144,719)</u>	<u>\$ -</u>	<u>\$ 32,940,182</u>

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital assets not being depreciated:				
Construction in process	\$ 12,815,857	\$ 3,686,090	\$ 15,956,330	\$ 545,617
Capital assets being depreciated:				
Land improvements	116,596	146,550	-	263,146
Buildings and improvements	6,554,990	15,037,275	-	21,592,265
Equipment and furniture	2,133,973	831,184	-	2,965,157
Total capital assets being depreciated	8,805,559	16,015,009	-	24,820,568
Less accumulated depreciation for:				
Land improvements	95,506	9,698	-	105,204
Buildings and improvements	4,806,711	497,753	-	5,304,464
Equipment and furniture	2,058,456	131,209	-	2,189,665
Total accumulated depreciation	6,960,673	638,660	-	7,599,333
Total capital assets being depreciated, net	1,844,886	15,376,349	-	17,221,235
Business-type activities capital assets, net	\$ 14,660,743	\$ 19,062,439	\$ 15,956,330	\$ 17,766,852

Component Unit – Drain Commission

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets being depreciated:				
Infrastructure	\$ 4,164,880	\$ 217,690	\$ -	\$ 4,382,570
Less accumulated depreciation	739,443	83,298	-	822,741
Governmental activities capital assets, net	\$ 3,425,437	\$ 134,392	\$ -	\$ 3,559,829

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

Component Unit – Road Commission

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 284,292	\$ -	\$ -	\$ 284,292
Land improvements - infrastructure	23,416,909	759,285	-	24,176,194
Total capital assets not being depreciated	23,701,201	759,285	-	24,460,486
Capital assets being depreciated:				
Land improvements	72,387	-	-	72,387
Buildings and improvements	1,739,615	4,360	-	1,743,975
Road equipment	9,196,245	293,094	373,475	9,115,864
Shop equipment	280,313	-	-	280,313
Office equipment	480,227	43,142	-	523,369
Engineers' equipment	76,115	-	-	76,115
Yard and storage	814,254	13,038	-	827,292
Depleteable assets	147,667	-	-	147,667
Infrastructure - roads and signals	33,849,850	581,027	-	34,430,877
Infrastructure - bridges	7,420,836	757,160	-	8,177,996
Total capital assets being depreciated	54,077,509	1,691,821	373,475	55,395,855
Less accumulated depreciation for:				
Buildings and improvements	1,575,227	28,379	-	1,603,606
Equipment	9,824,960	261,974	366,708	9,720,226
Depleteable assets	112,544	-	-	112,544
Infrastructure - roads and signals	19,653,397	1,420,047	-	21,073,444
Infrastructure - bridges	2,858,401	275,439	-	3,133,840
Total accumulated depreciation	34,024,529	1,985,839	366,708	35,643,660
Total capital assets being depreciated, net	20,052,980	(294,018)	6,767	19,752,195
Governmental activities capital assets, net	\$ 43,754,181	\$ 465,267	\$ 6,767	\$ 44,212,681

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

Legislative	\$ 3,267
Judicial	282,745
General government	66,654
Public safety	959,949
Health and welfare	163,002
Recreation and culture	58,461
Capital assets held by the government's internal service funds are charged to the various functions bases on usage of the assets	<u>389,148</u>

Total depreciation expense - governmental activities \$ 1,923,226

Business-type activities:

Medical Care Facility	\$ 622,230
Delinquent Tax Collection	15,177
Property Description	<u>1,253</u>

Total depreciation expense - business-type activities \$ 638,660

Depreciation expense was charged to the Public Works function in the year 2008 for the Drain Commission and Road Commission component units.

E. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities in the primary government are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Accounts payable	\$ 1,264,457	\$ 941,088
Accrued payroll	869,205	393,827
Other accrued liabilities	-	498,938
Claims incurred but not reported	636,748	-
Due to other governments	192,929	105,521
Due to individuals	20,042	-
Accrued interest on long-term debt	<u>202,588</u>	<u>-</u>
Total	<u><u>\$ 3,185,969</u></u>	<u><u>\$ 1,939,374</u></u>

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

F. Interfund receivables, payables and transfers

The Delinquent Tax Revolving Enterprise fund has made long-term advances to the Building and Grounds Internal Service fund in the amount of \$243,646.

In addition, the Child Care Fund and certain nonmajor governmental funds with negative balances in the County's pooled cash accounts of \$287,080 and \$164,742, respectively, reported interfund payables, which are equal to the interfund receivables of \$451,822 reported in the Revenue Sharing Reserve Special Revenue Fund.

Interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. At December 31, 2008, due to/due from other funds consisted of the following:

	<u>Receivable</u>	<u>Payable</u>
Due from/to other funds:		
General Fund	\$ 4,942	\$ -
Nonmajor Governmental Funds	2,526	7,102
Delinquent Tax Revolving	-	366
	<u>\$ 7,468</u>	<u>\$ 7,468</u>

For the year ended December 31, 2008, interfund transfers consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 4,833,977	\$ 5,931,374
Health Department	836,124	-
Revenue Sharing Reserve	-	2,874,906
Child Care	2,102,413	-
Nonmajor Governmental Funds	2,917,103	153,521
Internal Service Funds	140,892	350,000
Delinquent Tax Revolving Fund	-	1,500,000
Nonmajor Enterprise Fund	-	28,500
	10,830,509	10,838,301
Adjustments for different fiscal year end:		
Health Department FYE 9/30/2008	7,792	-
Total	<u>\$ 10,838,301</u>	<u>\$ 10,838,301</u>

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

G. Capital leases

The government has entered into eight lease agreements for financing the acquisition of phone equipment, computer equipment, and vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Capital asset:		
Equipment and furniture	\$ 423,840	\$ -
Vehicles	146,064	22,504
Less accumulated depreciation for:		
Equipment and furniture	(220,835)	-
Vehicles	<u>(83,039)</u>	<u>(6,751)</u>
Total	<u>\$ 266,000</u>	<u>\$ 15,753</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2008, were as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2009	\$ 98,799	\$ 8,007
2010	91,522	-
2011	53,783	-
2012	<u>9,557</u>	<u>-</u>
Total minimum lease payments	253,661	8,007
Less: amount representing interest	<u>(12,995)</u>	<u>(517)</u>
Present value of minimum lease payments	<u>\$ 240,666</u>	<u>\$ 7,490</u>

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

H. Long-term debt

Primary government

Governmental activities

Advance Refunding. During the year, the City of Battle Creek Building Authority issued \$6,855,000 of limited tax general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$6,622,529 in bonds. As a result, the \$6,622,529 bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The advance refunding resulted in an economic loss of \$76,461 and an increase in future debt service payments of \$821,257.

These general obligation bonds are direct obligations and pledge the full faith and credit of the County. These bonds are typically issued as 10-20 year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Installments</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities:			
County Building Authority – refunding bonds of \$6,855,000	\$340,000 to 580,000	3.00 to 4.125%	<u>\$ 6,855,000</u>

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

Annual debt service requirements to maturity for governmental activities general obligation bonds are as follows:

Year Ending December 31,	Principal	Interest	Total
2009	\$ 340,000	\$ 377,190	\$ 717,190
2010	375,000	220,150	595,150
2011	390,000	206,800	596,800
2012	400,000	194,950	594,950
2013	410,000	182,800	592,800
2014-2018	2,260,000	712,045	2,972,045
2019-2023	2,680,000	276,492	2,956,492
	<u>\$ 6,855,000</u>	<u>\$ 2,170,427</u>	<u>\$ 9,025,427</u>

Business-type activities

Delinquent tax notes. The government issues delinquent tax notes to finance the purchase of delinquent real property taxes receivable from each taxing district in the County. These notes are reported in the proprietary funds (i.e., Delinquent Tax Revolving Enterprise Fund) as they are expected to be repaid from proprietary fund revenues. Each series of delinquent tax notes are subject to variable interest rates which are determined on a weekly basis by the County's remarketing agent using established criteria and legal limitations. Principal and interest payments are predicated upon actual collections of delinquent property taxes, which are subject to collection over a period not to exceed three years. Delinquent tax notes outstanding at December 31, 2008, are as follows:

<u>Series</u>	<u>Amount</u>
2007 - \$5,000,000 G.O. Limited Tax Notes payable, dated May 5, 2008	<u>\$ 250,000</u>

General obligation bonds. The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for business-type activities.

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

General obligation bonds are direct obligations and pledge the full faith and credit of the County. These bonds are typically issued as 10-20 year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Installments</u>	<u>Interest Rates</u>	<u>Amount</u>
Business-type activities:			
County Building Authority –			
\$8,000,000 issue for Medical Care			
Facility improvements	\$200,000 to 700,000	3.70 to 4.00%	<u>\$ 7,800,000</u>

Annual debt service requirements to maturity for business type activities general obligation bonds are as follows:

<u>Year Ending</u> <u>December</u>				
<u>31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2009	\$ 200,000	\$ 302,975	\$ 502,975	
2010	250,000	293,975	543,975	
2011	250,000	283,975	533,975	
2012	300,000	272,975	572,975	
2013	300,000	260,975	560,975	
2014-2018	1,950,000	1,092,238	3,042,238	
2019-2023	2,600,000	659,250	3,259,250	
2024-2026	1,950,000	121,000	2,071,000	
	<u>\$ 7,800,000</u>	<u>\$ 3,287,363</u>	<u>\$ 11,087,363</u>	

Drain Commission component unit

Notes payable. The Drain Commission issues notes payable for the construction or major maintenance of drainage and lake level districts. Such notes are repaid from special assessments to local property owners.

	<u>Due</u>	<u>Installments</u>	<u>Interest Rate</u>	<u>Amount</u>
Various drain and lake level notes payable	2009- 2016	\$16,666 to \$482,416	Various	<u>\$ 1,636,334</u>

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

Annual debt service requirements to maturity for drain notes are as follows:

Year Ending December 31,	Principal	Interest	Total
2009	\$ 482,416	\$ 82,828	\$ 565,244
2010	457,587	42,167	499,754
2011	396,887	85,181	482,068
2012	165,720	8,636	174,356
2013	50,420	3,781	54,201
2014-2016	83,304	5,752	89,056
	<u>\$ 1,636,334</u>	<u>\$ 228,345</u>	<u>\$ 1,864,679</u>

Road Commission component unit

Michigan Department of Transportation bonds. The Road Commission borrows from the Michigan Transportation Bond Fund to finance various capital projects.

	Due	Interest Rate	Amount
Michigan Transportation Fund Bonds:			
2002 A and B Series	2012	3.15% to 4.40%	\$ 550,000
2003 Series	2013	3.25% to 4.00%	500,000
2005 Series	2015	3.00% to 4.05%	495,000
			<u>\$ 1,545,000</u>

Contracts payable. The Road Commission has one contract payable for sewer construction costs. This contract is repayable at 3% interest rate through 2012, and amounted to \$10,681 at December 31, 2008.

Installment purchase agreement. The Road Commission entered into an installment purchase agreement in 2008, which was secured by the related durapatcher equipment, and calls for quarterly installments of \$19,028 through July 2012, which includes interest at 4.9%. The balance of the loan at December 31, 2008 is \$259,435.

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

Annual debt service requirements to maturity for Michigan Department of Transportation bonds and contacts payable are as follows:

Year ending December 31,	Bonds		Contract and Installment Purchase Agreement		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 280,000	\$ 57,388	\$ 68,046	\$ 310	\$ 348,046	\$ 57,698
2010	290,000	46,903	71,251	225	361,251	47,128
2011	305,000	35,691	74,617	140	379,617	35,831
2012	315,000	23,484	56,202	1,417	371,202	24,901
2013	190,000	10,424	-	-	190,000	10,424
2014-2015	165,000	6,763			165,000	6,763
	\$ 1,545,000	\$ 173,890	\$ 270,116	\$ 2,092	\$ 1,815,116	\$ 182,745

Board of Public Works Component Unit

The Board of Public Works (BPW) works through the County and issues general obligation bonds to finance water and sewer infrastructure projects, which are administered by BPW. These bonds are direct obligations and pledge the full faith and credit of the County and the benefiting municipalities.

Annual debt service requirements to maturity for BPW bonds are as follows:

Year Ending December 31	Principal	Interest
2009	\$ 915,000	\$ 507,983
2010	995,000	473,170
2011	875,000	434,990
2012	835,000	398,539
2013	840,000	361,147
2014-2018	4,355,000	1,161,218
2019-2023	1,540,000	398,640
2024-2028	525,000	203,986
2029-2032	500,000	52,110
	\$ 11,380,000	\$ 3,735,687

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

Changes in long-term debt.

Long-term debt liability activity for the year ended December 31, 2008, was as follows:

	Balance January 1, 2008	Additions	Deletions	Balance December 31, 2008	Due in One Year
<u>Governmental activities</u>					
General obligation bonds	\$ 7,154,693	\$ 6,855,000	\$ 7,154,693	\$ 6,855,000	\$ 340,000
Unamortized bond discount	-	(73,282)	-	(73,282)	(7,328)
Unamortized gain on bond refunding	-	13,275	-	13,275	1,328
Lease purchase agreements	251,364	87,932	98,630	240,666	91,095
Compensated absences	1,567,887	2,893,437	2,910,247	1,551,077	1,551,077
	\$ 8,973,944	\$ 9,776,362	\$ 10,163,570	\$ 8,586,736	\$ 1,976,172
<u>Business-type activities</u>					
General obligation limited tax notes payable	\$ 750,000	\$ 5,000,000	\$ 5,500,000	\$ 250,000	\$ 250,000
General obligation bonds	8,000,000	-	200,000	7,800,000	200,000
Lease purchase agreements	14,497	-	7,007	7,490	7,490
	\$ 8,764,497	\$ 5,000,000	\$ 5,707,007	\$ 8,057,490	\$ 457,490
<u>Drain Commission component unit</u>					
Drain notes payable	\$ 1,403,963	\$ 173,650	\$ 201,779	\$ 1,375,834	\$ 447,416
Lake level notes payable	285,500	-	25,000	260,500	35,000
	\$ 1,689,463	\$ 173,650	\$ 226,779	\$ 1,636,334	\$ 482,416
<u>Road Commission component unit</u>					
Michigan Transportation fund bonds	\$ 1,860,000	\$ -	\$ 315,000	\$ 1,545,000	\$ 280,000
Contracts payable	15,470	-	4,789	10,681	3,400
Installment purchase agreement	-	275,114	15,679	259,435	64,646
Compensated absences	86,377	26,742	-	113,119	25,000
	\$ 1,961,847	\$ 301,856	\$ 335,468	\$ 1,928,235	\$ 373,046
<u>Board of Public Works component unit</u>					
Bonds payable	\$ 12,185,000	\$ 2,190,000	\$ 2,995,000	\$ 11,380,000	\$ 915,000

For the governmental activities, compensated absences are generally liquidated by the general fund.

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

IV. OTHER INFORMATION

A. Risk management / self-insurance programs

The government manages its risk exposures and provides certain employee benefits through a combination of self-insurance programs, risk management pools and commercial insurance and excess coverage policies. On risks that are commercially insured, settlements have not exceeded insurance coverage in any of the past three years. Following is a summary of the self-insurance programs and risk management pool participation.

Liability. The County participates in the Michigan Municipal Risk Management Authority (MMRMA) for general and automobile liability, motor vehicle physical damage and property damage coverages. The MMRMA provides risk management, underwriting, reinsurance and claim review and processing services for all member governments pursuant to its charter.

The government makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. These contributions are paid from an internal service fund (i.e., the Insurance fund) using premiums paid into it by the general fund of the government. Such contributions as received by MMRMA are allocated between the general and member retention funds. Economic resources in the MMRMA's general fund are expended for reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the members self-insured retention limits along with certain other member-specific costs.

Under most circumstances, the County's maximum loss retention per occurrence was as follows:

<u>Type of Risk</u>	<u>Maximum Retention Per Occurrence</u>
General liability	\$200,000
Motor vehicle physical damage	\$16,000 per vehicle \$31,000 per occurrence
Property damage	\$11,000

The County had estimated claims payable of \$363,840 at December 31, 2008. At December 31, 2008, the balance of the County's member retention fund was \$42,565.

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

Changes in the balances of the County's estimated claims payable during the past two years are as follows:

	<u>2008</u>	<u>2007</u>
Unpaid claims, beginning of year	\$ 121,250	\$ 201,315
Incurred claims (including IBNR's)	861,277	724,331
Claim payments	<u>(618,687)</u>	<u>(804,396)</u>
Unpaid claims, end of year	<u>\$ 363,840</u>	<u>\$ 121,250</u>

Employee Benefits. The government maintains a self-insurance program for employee health care coverage which is accounted for in an internal service fund (i.e., the Employee Benefits fund). The program is administered by a third party administrator who provides claims review and processing services. Premiums are paid into the internal service fund by all other funds based on actuarial and management estimates. These premiums are available to pay health care claims, claim reserves, excess coverage and administrative costs as well as to purchase dental, life, and long-term disability insurance coverage from commercial carriers and to reimburse the State for unemployment benefits paid.

Health care liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers annual individual claims in excess of \$150,000. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors.

Changes in the balances of health care claims liabilities during the past two years are as follows:

	<u>2008</u>	<u>2007</u>
Unpaid claims, beginning of year	\$ 508,284	\$ 304,537
Incurred claims (including IBNR's)	5,749,107	6,039,113
Claim payments	<u>(6,474,380)</u>	<u>(5,835,366)</u>
(Prepaid) unpaid claims, end of year	<u>\$ (216,989)</u>	<u>\$ 508,284</u>

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

Workers' Compensation. The government maintains a self-insurance program for workers' compensation coverage which is accounted for in an internal service fund (i.e., the Workers' Compensation fund). The program is administered by a third party administrator who conducts safety inspections and provides claims review and processing services. Premiums are paid into the internal service fund by all other funds based on payrolls and job classifications and are available to pay claims, claim reserves, excess coverage and administrative costs.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of \$350,000 subject to an annual aggregate limit of \$1 million. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Changes in the balances of claims liabilities during the past two years are as follows:

	<u>2008</u>	<u>2007</u>
Unpaid claims, beginning of year	\$ 311,391	\$ 287,005
Incurred claims (including IBNR's)	314,009	296,508
Claim payments	<u>(352,492)</u>	<u>(272,122)</u>
Unpaid claims, end of year	<u>\$ 272,908</u>	<u>\$ 311,391</u>

The Road Commission is a member of the Michigan County Road Commission Self-Insurance Pool ("Pool") established pursuant to the laws of the State of Michigan which authorizes contracts between municipal corporations (interlocal agreements) to form group self-insurance pools, and to prescribe conditions to the performance of these contracts.

The Michigan County Road Commission Self-Insurance Pool was established for the purpose of making a self-insurance pooling program available for Michigan County Road Commissions, which includes, but is not limited to, general liability coverages, auto liability coverages, property insurance coverages, stop loss insurance protection, claims administration, and risk management and loss control services pursuant to Michigan Public Act 138 of 1982.

The Calhoun County Road Commission pays an annual premium to the Pool for property (buildings and grounds) coverage, automobile liability, errors or omissions liability and bodily injury, property damage and personal injury liability. The agreement for the formation of the Pool provides that the Pool will be self-sustaining through member premiums and will purchase both specific and aggregate stop-loss insurance to the limits determined necessary by the Pool Board.

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

The Road Commission is also self-insured for workers' compensation as a member of the County Road Association Worker's Compensation Fund.

In the past three years, there have been no reductions in coverages, nor have settlements exceeded coverages. Management of the Road Commission believes that losses, if any, in excess of Insurance Pool coverages would not be material to the financial position of the Road Commission.

The Road Commission continues to carry commercial insurance for employee health and accident insurance.

B. Property taxes

Prior to 2005, the County property taxes were levied annually on December 1 (the lien date) to fund operations of the following year. The property taxes were due in full within 90 days (prior to March 1), at which time uncollected taxes became delinquent.

In 2004, the State of Michigan passed Public Act 357. This Act provides a temporary funding mechanism as a substitute for state revenue sharing payments to counties. As a result of this new law, the County's levy date began a phased shifting (or acceleration) over a 3-year period from December 1 to July 1 of each year. In 2005, one-third of the tax levy took place on July 1 and two-thirds took place on December 1. In 2006, two-thirds of the tax levy took place on July 1 and one-third took place on December 1. In 2007 and each year thereafter, one-hundred percent of the tax levy will take place on July 1. The Act also required that an amount equal to one-third of the December 2004 tax levy be placed each year for three years into the newly created Revenue Sharing Reserve Fund, a special revenue fund. An annual transfer, in an amount determined by the State of Michigan, is made from the Revenue Sharing Reserve Fund into the General Fund equal to the amount of revenue sharing the County used to receive from the State, adjusted for inflation.

Property taxes are levied on the assessed taxable value of the property as established by local units, accepted by the County and equalized under State statute at approximately 50% of the current estimated market value. In March 1994, Michigan voters approved Proposal A, which limits annual increases in assessed values to the lesser of 5% or the rate of inflation with assessed value reverting to 50% of true cash value when the property is sold.

The assessed and taxable value of real and personal property for the 2008 levy was \$3,687,941,693. The general operating tax rate for this levy was 5.3779 mills with an additional 0.7452 mills and 0.2482 mills assessed for Senior Services and Medical Care Facility operations, respectively.

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

C. Employee retirement systems and pension plans

Defined Contribution Pension Plan - Primary Government

Substantially all of the government's full-time employees are eligible to participate in one of two defined contribution pension plans, as established by Board policy and labor agreements. Required government contributions to the pension plans are at various rates based on Board policy and labor agreements with the various bargaining units. The Calhoun County Board of Commissioners established both plans and may amend them and the related contribution requirements, subject to the County's various collective bargaining agreements. The plans are administered and the assets are in the custody of third-party insurance companies.

The government's contributions for each employee, and interest allocated to an employee's account, are fully vested after five years of service, except for Sheriff Department employees who are fully vested after ten years. Employee contributions are fully vested at the time of contribution. Employer contributions and allocated interest for employees who leave employment before full vesting are used to reduce the employer current-period contribution requirement. All required employer contributions were made as disclosed below:

	<u>General County Merrill Lynch</u>	<u>Medical Care Facility Kemper/Pert</u>	<u>Total</u>
Required and actual employer contributions	\$ 284,978	\$ 155,450	\$ 440,428
Required and actual employee contributions	666,244	215,597	881,841

Defined Benefit Pension Plans – Primary Government

Calhoun County Defined Benefit Plan

Plan Description. Substantially all of the government's full-time employees, other than Sheriff Supervisory and Non-Supervisory Unions, are eligible to participate in a defined benefit plan, as established by the Board during 2001. The Calhoun County Defined Benefit Plan provides retirement and death benefits to plan members and beneficiaries. The plan is administered by the County and is a single-employer plan. The plan financial statements are part of this report. A separate, stand-alone report is not issued.

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

Basis of Accounting. The Plan's financial statements are prepared on the accrual basis of accounting. Member contributions are recognized in the period in which they are due. The County's contributions are recognized when due and the employer has made a formal commitment to provide them. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Valuation of Investments. The Plan's investments are stated at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have established market values are reported at estimated fair value. Investments for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of the Board of Commissioners, with the assistance of a valuation service.

Funding Policy. The County is required to contribute at an actuarially determined rate; the current rate for the County is 7.00% of annual covered payroll. All participating employees are required to contribute 8.56% of their annual salary. Administrative costs of the plan are financed through investment earnings. The benefit provisions and contribution requirements of the County and of plan members are established by and may be amended by the Board of Commissioners.

For the year ended December 31, 2008, the annual pension cost of \$762,920 was equal to the required and actual contributions of the County. The required contributions were determined as part of the December 31, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.5%, (b) projected salary increase of 4.0% per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 2.5% for employees with less than 10 years of service and 1.5% for employees with 10 or more years of service, attributable to seniority/merit. The actuarial value of plan assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The County's unfunded actuarial accrued liability is being amortized over a period of 30 years as a level percentage of projected payroll on an open basis. The latest actuarial valuation was performed as of December 31, 2007.

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

Funded Status and Funding Progress. The funded status of the Plan as of December 31, 2007, the date of the most recent valuation, is as follows:

Actuarial Accrued Liability (AAL)	\$ 19,488,001
Actuarial Value of Assets	<u>8,275,209</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 11,212,792</u>
Funded ratio	42.4%
Covered payroll (active plan members)	\$ 10,557,094
UAAL as a percentage of covered payroll	106.2%

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Membership of the plan consisted of the following at December 31, 2007, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	33
Terminated plan members entitled to but not yet receiving benefits	18
Active plan members	<u>266</u>
Total	<u>317</u>

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
12/31/06	\$ 740,089	\$ 740,089	100%	\$ -
12/31/07	751,800	751,800	100	-
12/31/08	762,920	762,920	100	-

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

Municipal Employees Retirement System of Michigan

Plan Description. Both the Sheriff Supervisory and Non-Supervisory Unions are eligible to participate in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer, defined benefit pension plan. The System is administered by the MERS retirement board. MERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. A publicly available financial report that includes financial statements and required supplementary information for MERS may be obtained by writing to the Municipal Employees Retirement System of Michigan, 447 N. Canal Road, Lansing, MI 48917, or by calling (800) 767-6377.

Funding Policy. The County is required to contribute at an actuarially determined rate; the current rate for the County is between 7.00% and 31.71% of annual covered payroll, depending on employee group. All participating employees are required to contribute between 11.24% and 12.00% percent of their annual salary. The contribution requirements of the County are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members are established and may be amended by the County Board of Commissioners, depending on the MERS contribution program adopted by the County.

For the year ended December 31, 2008, the annual pension cost of \$699,556 was equal to the required and actual contributions of the County. The required contributions were determined as part of the December 31, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases of 0.0% to 8.40% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 2.5% per year after retirement for certain retirees depending on the benefit option selected. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The County's unfunded actuarial accrued liability is being amortized over a period of 30 years as a level percentage of projected payroll on an open basis. The latest actuarial valuation was performed as of December 31, 2007.

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
12/31/06	\$ 609,154	\$ 609,154	100%	\$ -
12/31/07	683,559	683,559	100	-
12/31/08	699,556	699,556	100	-

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Liability (AAL) - Entry Age</u>	<u>Unfunded Actuarial Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/05	\$ 7,704,029	\$ 19,944,123	\$ 12,240,094	39%	\$7,412,939	165%
12/31/06	9,078,283	21,865,716	12,787,433	42	7,358,040	174
12/31/07	10,558,816	23,646,999	13,088,183	45	8,025,218	163

Defined Benefit Pension Plan - Road Commission

Municipal Employees Retirement System of Michigan

Plan Description. The Road Commission's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Road Commission participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the Retirement Board of MERS. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 447 N. Canal Road, Lansing, Michigan 48917, or by calling (800) 767-6377.

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

Funding Policy. The Road Commission is required to contribute at an actuarially determined rate; the current rate is 16.4% to 18.8% of annual covered payroll. Certain employees are required to contribute to the Plan. The contribution requirements of the Road Commission are established by Act No. 427 of the Public Acts of 1984, as amended, and may be amended by the Retirement Board of MERS. The contribution requirements of plan members, if any, are established and may be amended by the Road Commission.

Annual Pension Cost. For the year ended December 31, 2008, the Road Commission's annual pension cost of \$517,141 for MERS was equal to the Road Commission's required and actual contributions. The required contribution was determined as part of the December 31, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 8.4% per year, depending on age, attributable to seniority/merit. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The Road Commission's unfunded actuarial accrued liability as of December 31, 2007, the date of the latest actuarial valuation, is being amortized as a level percentage of projected payrolls on an open basis over 29 years.

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
12/31/06	\$ 519,201	\$ 519,201	100%	\$ -
12/31/07	497,635	497,635	100	-
12/31/08	517,141	517,141	100	-

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age</u>	<u>Unfunded Actuarial Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/05	\$ 6,601,274	\$11,402,631	\$ 4,801,357	58%	\$ 3,179,707	151%
12/31/06	7,179,600	12,014,764	4,835,164	60	2,948,271	164
12/31/07	7,689,116	12,717,735	5,025,619	60	2,732,945	184

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

D. Other postemployment benefits

Primary Government

Plan Description. In accordance with labor agreements and board action, the County provides post-retirement healthcare benefits to full-time employees. The plans offered consist of an 80/20 Traditional Indemnity plan with prescription coverage, a Community Blue Preferred Provider Organization Plan 3 with prescription coverage, and a Medicare Advantage plan. To be eligible for coverage, a retiree must have a minimum of 10 years of service and attained the age of 50, with the sum of the age and years of service totaling at least 75. In 2008, 53 retirees met these requirements. Retirees are required to contribute 100% of the illustrated rate less any discount. A retiree who has completed at least 20 years of service and the sum of their age and years of service totals at least 85, are eligible for a discount as follows:

<u>Age at Retirement</u>	<u>Monthly Discount</u>
At least 60	\$8 x years of service
At least 61	\$9 x years of service
At least 62	\$10 x years of service

In 2008, the discount for retirees totaled \$125,030; retirees paid \$149,322 toward their coverage; and the retiree health and prescription claims paid by the County totaled \$299,311.

Plan Membership. Plan membership consisted of the following at December 31, 2008:

Retirees and beneficiaries currently receiving benefits	53
Active plan members	<u>579</u>
Total	<u>632</u>

Funding Policy. The County is required to contribute at an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The annual required contribution (ARC) represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

Annual OPEB Cost and Net OPEB Obligation. For 2008, the components of the County's annual OPEB (other postemployment benefit) cost for the year, the amount actually contributed to the Plan, and changes in the County's net OPEB obligation to the Plan are as follows:

Annual required contribution	\$ 993,781
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	993,781
Contributions made	(149,989)
Increase in net OPEB obligation (asset)	843,792
Net OPEB obligation (asset), beginning of year	-
Net OPEB obligation (asset), end of year	<u>\$ 843,792</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008, which is the first year for OPEB obligation determination, was as follows:

<u>Fiscal</u> <u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Required</u> <u>Contribution</u>	<u>Actual</u> <u>Contribution</u>	<u>Percentage</u> <u>of ARC</u> <u>Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
12/31/08	\$ 993,781	\$ 149,989	26%	\$ 843,792

Funded Status and Funding Progress. The funded status of the Plan as of December 31, 2008, the date of the latest actuarial valuation, was as follows:

Actuarial accrued liabilities (AAL)	\$ 11,145,479
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 11,145,479</u>
Funded ratio	0.0%
Covered payroll (active plan members)	\$ 25,020,978
UAAL as a percentage of covered payroll	44.5%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions were as follows:

Actuarial valuation date	12/31/08
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, closed
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	5.0%
Healthcare inflation rate	4.0% downgraded to 0% over 4 years

Road Commission Component Unit

Plan Description. The Road Commission provides health insurance benefits for its retired employees, as established by Road Commission Board Resolution. The Road Commission pays 90% of medical premiums for employees at various ages and years of service depending on classification upon retirement. Spouses are covered to the earlier of death or death of participant.

Plan Membership. Plan membership consisted of the following at December 31, 2007 (the date of the latest actuarial valuation):

Retirees and beneficiaries currently receiving benefits	49
Active participants	65

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

Funding Policy. The Road Commission is required to contribute at an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The annual required contribution (ARC) represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current combined ARC is 12.4% of annual covered payroll.

Annual OPEB Cost and Net OPEB Obligation. For 2008, the components of the Road Commission's annual OPEB (other postemployment benefit) cost for the year, the amount actually contributed to the Plan, and changes in the Road Commission's net OPEB obligation to the Plan are as follows:

Annual required contribution	\$ 320,261
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>320,261</u>
Contributions made	<u>(226,189)</u>
Increase in net OPEB obligation	94,072
Net OPEB obligation, beginning of year	<u>-</u>
Net OPEB obligation, end of year	<u>\$ 94,072</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008, which is the first year for OPEB obligation determination, was as follows:

<u>Fiscal</u> <u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Required</u> <u>Contribution</u>	<u>Actual</u> <u>Contribution</u>	<u>Percentage</u> <u>of ARC</u> <u>Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
12/31/08	\$ 320,261	\$ 226,189	70.6%	\$94,072

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

Funded Status and Funding Progress. The funded status of the Plan as of December 31, 2006, the date of the latest actuarial valuation, was as follows:

Actuarial accrued liabilities (AAL)	\$ 4,079,394
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 4,079,394</u>
Funded ratio	0.0%
Covered payroll (active plan members)	\$ 2,576,262
UAAL as a percentage of covered payroll	158%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions were as follows:

Actuarial valuation date	12/31/06
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, closed
Remaining amortization period	30 years

Actuarial assumptions:

Investment rate of return	4.0%
Projected salary increases	5.0%
Healthcare inflation rate	9.0% downgraded to 5% over 4 years

COUNTY OF CALHOUN, MICHIGAN

Notes to the Financial Statements

E. Contingent liabilities

Amounts received or receivable from grantor agencies and health care intermediaries including Medicare and Medicaid are subject to audit and adjustment by the grantor agencies or intermediaries. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors or intermediaries cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The government and its component units, individually or jointly, are a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government and component unit's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government.

F. Restatements

As of December 31, 2007, net Assets of the Board of Public Works Component Unit have been decreased by \$529,451 to eliminate the solid waste activity previously recorded in the Board of Public Works. The solid waste activity is administered by the Board of Public Works under an agreement with Calhoun County, and that activity is recorded in the primary government financial statements.

G. Subsequent events

In May 2009, Calhoun County issued \$8,000,000 in Limited Tax Notes - 2009 Series. The government issues delinquent tax notes to finance the purchase of delinquent real property taxes receivable from each taxing district in the County.

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***REQUIRED SUPPLEMENTARY
INFORMATION***

COUNTY OF CALHOUN, MICHIGAN
Required Supplementary Information

Employees Retirement System
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
12/31/02	\$ 1,369,971	\$ 9,749,812	\$ 8,379,841	14%	\$ 7,589,164	110%
12/31/03	2,249,674	10,902,589	8,652,915	21%	8,566,899	101%
12/31/04	3,311,607	11,507,084	8,195,477	29%	9,358,934	88%
12/31/05	4,370,131	16,258,413	11,888,282	27%	10,614,989	112%
12/31/06	6,479,448	18,105,294	11,625,846	36%	10,368,517	112%
12/31/07	8,275,209	19,488,001	11,212,792	42%	10,557,094	106%

Schedule of Employer Contributions

Year Ended December 31	Annual Required Contributions	Percentage Contributed
2003	\$ 509,186	100%
2004	532,818	100%
2005	519,753	100%
2006	740,089	100%
2007	751,800	100%
2008	762,920	100%

Other Postemployment Benefit Plan
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
12/31/07	\$ -	\$ 11,145,479	\$ 11,145,479	0%	\$ 25,020,978	45%

Schedule of Employer Contributions

Year Ended December 31	Annual Required Contributions	Percentage Contributed
2008	\$ 993,781	26%

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

COUNTY OF CALHOUN, MICHIGAN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2008

	Special Revenue Funds	Debt Service Funds	Permanent Fund Cemetery Perpetual Care	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ 1,878,773	\$ 7,561	\$ -	\$ 1,886,334
Investments	-	-	38,278	38,278
Receivables:				
Accounts, net	366,052	-	-	366,052
Delinquent taxes	214	13,566	-	13,780
Accrued interest	1,067	-	74	1,141
Due from other governments	963,762	-	-	963,762
Due from other funds	2,526	-	-	2,526
Prepaid items	18,972	-	-	18,972
<u>TOTAL ASSETS</u>	<u>\$ 3,231,366</u>	<u>\$ 21,127</u>	<u>\$ 38,352</u>	<u>\$ 3,290,845</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	\$ 284,465	\$ -	\$ -	\$ 284,465
Accrued payroll	135,111	-	-	135,111
Due to other governments	41,000	-	-	41,000
Due to other funds	7,102	-	-	7,102
Interfund payables	164,742	-	-	164,742
Deferred revenue	26,501	13,547	-	40,048
Total liabilities	658,921	13,547	-	672,468
Fund balances				
Reserved for prepaid items	18,972	-	-	18,972
Reserved for perpetual care	-	-	36,546	36,546
Unreserved, undesignated	2,553,473	7,580	1,806	2,562,859
Total fund balances	2,572,445	7,580	38,352	2,618,377
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 3,231,366</u>	<u>\$ 21,127</u>	<u>\$ 38,352</u>	<u>\$ 3,290,845</u>

COUNTY OF CALHOUN, MICHIGAN
Combining Statement of Revenue, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2008

	Special Revenue Funds	Debt Service Funds	Permanent Fund Cemetery Perpetual Care	Total Nonmajor Governmental Funds
Revenue				
Taxes	\$ 958,783	\$ 2,816	\$ -	\$ 961,599
Licenses and permits	14,330	-	-	14,330
Intergovernmental	4,441,789	-	-	4,441,789
Charges for services	499,050	-	-	499,050
Fines and forfeitures	19,455	-	-	19,455
Interest and rents	20,976	73	1,283	22,332
Other	1,063,939	-	965	1,064,904
Total revenue	7,018,322	2,889	2,248	7,023,459
Expenditures				
Current:				
Judicial	3,877,634	-	-	3,877,634
Public safety	2,414,304	-	-	2,414,304
Health and welfare	732,831	-	-	732,831
Recreation and cultural	1,229,966	-	-	1,229,966
Other	-	-	1,898	1,898
Debt service:				
Principal	-	532,164	-	532,164
Interest and fiscal charges	-	136,719	-	136,719
Bond issuance costs	-	172,464	-	172,464
Capital outlay	90,927	-	-	90,927
Total expenditures	8,345,662	841,347	1,898	9,188,907
Revenue over (under) expenditures	(1,327,340)	(838,458)	350	(2,165,448)
Other financing sources (uses)				
Issuance of refunding bonds	-	6,855,000	-	6,855,000
Discount on refunding bonds	-	(73,282)	-	(73,282)
Payment to refunding bond escrow agent	-	(6,609,254)	-	(6,609,254)
Transfers in	2,248,220	668,883	-	2,917,103
Transfers out	(153,521)	-	-	(153,521)
Total other financing sources	2,094,699	841,347	-	2,936,046
Net change in fund balance	767,359	2,889	350	770,598
Fund balance, beginning of year	1,805,086	4,691	38,002	1,847,779
Fund balance, end of year	\$ 2,572,445	\$ 7,580	\$ 38,352	\$ 2,618,377

NONMAJOR SPECIAL REVENUE FUNDS

Description of Funds
Combining Financial Statements
Individual Fund Schedules

NONMAJOR SPECIAL REVENUE FUNDS

Friend of the Court -- This fund is used to account for mediation services regarding custody or visitation rights to parties involved in divorce. This fund is also used to account for grant revenues that are specifically restricted to the provision of Child Support Services. Financing is provided by State and Federal sources and a County appropriation.

Family Counseling -- This fund is used to account for the operations of a family counseling service. Financing is provided by marriage license fees.

County Special Projects -- This fund is used to account for the costs of special projects and is funded by transfers from the General fund.

Accommodations Tax -- This fund is used to account for a collection of a five percent hotel/motel room tax. Board of Commissioner's resolutions allocate a portion of these revenues to promote tourism and convention business. State law limits the use of hotel/motel accommodation tax revenue to the development and promotion of convention and entertainment facilities.

Solid Waste Management -- This fund is used to account for costs related to a planning grant for solid waste and recycling management.

Circuit Court Grants -- This fund is used to account for costs related to grants received by the Circuit Court.

Parks -- This fund is used to account for certain operations and maintenance of County owned parks and facilities.

Remonumentation -- This fund is used to account for the operations of the State-funded remonumentation grant and Board designated fees for enhancement of the County's remonumentation initiative.

Register of Deeds Automation -- This fund is used to account for fees collected that are restricted by law to be used for technology upgrades with the Register of Deeds Department.

Clerk -- This fund is used to account for the operations of the County Clerk's Byrne Memorial grant.

Local Emergency Planning -- This fund is used to account for various local emergency planning committees.

Emergency 911 -- This fund is used to account for the operations of the emergency telephone and dispatch system. Financing is provided through a County-wide surcharge.

Sheriff -- This fund is used to account for the office of the Sheriff special operations and related grant funds.

NONMAJOR SPECIAL REVENUE FUNDS

CONCLUDED

Emergency Management -- This fund is used to account for various Homeland Security Grants.

Law Library -- This fund is used to record revenues provided for the maintenance of a law library. Money for the operation of this fund is from the statutory transfer of penal fines.

Community Corrections -- This fund is used to account for the County's community corrections program. This program is State funded.

Community Corrections State Office -- This fund is used to account for activities under a grant for special community corrections initiatives.

Prosecutor -- This fund is used to account for the Prosecutor's special operations and related grant funds.

Housing Rehabilitation -- This fund is used to account for Community Development Block Grant Funds, which are under the administration of the Michigan State Housing Development Authority (MSHDA), as they are used for Housing Rehabilitation Program activities.

MSU Cooperative Extension -- This fund is used to account for the various programs sponsored by MSU.

Human Services -- This fund is used to account for funds which are provided by County, State, and Federal governments to administer the human services department, assist eligible recipients, and to administer various State and Federal human services programs.

Soldiers' Relief -- This fund is used to account for funds provided by a tax levy for indigent veterans.

Veterans' Trust -- This fund is used to account for revenue set aside for aid to veterans. Funding is provided by the State of Michigan.

COUNTY OF CALHOUN, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2008

	(215) Friend of the Court	(216) Family Counseling	(228) County Special Projects	(229) Accommodations Tax
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 56,233	\$ 111,711	\$ 65,580
Receivables:				
Accounts, net	9	-	-	63,140
Delinquent taxes	-	-	-	-
Accrued interest	-	-	-	-
Due from other governments	592,612	-	-	-
Due from other funds	-	-	2,526	-
Prepaid items	-	-	-	-
<u>TOTAL ASSETS</u>	\$ 592,621	\$ 56,233	\$ 114,237	\$ 128,720
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	\$ 18,318	\$ -	\$ 427	\$ 121,618
Accrued payroll	99,566	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	7,102
Interfund payables	6,591	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	124,475	-	427	128,720
Fund balances				
Reserved for prepaid items	-	-	-	-
Unreserved, undesignated	468,146	56,233	113,810	-
Total fund balances	468,146	56,233	113,810	-
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 592,621	\$ 56,233	\$ 114,237	\$ 128,720

(230) Solid Waste Management	(236) Circuit Court Grants	(243) Parks	(245) Remon- umentation	(256) Register of Deeds Automation	(260) Clerk
\$ 643,939	\$ 397,514	\$ 7,407	\$ 115,718	\$ 80,250	\$ 3,494
52,936	-	2,750	-	-	-
-	-	-	-	-	-
676	311	-	-	79	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	11,465	-	-	-
<u>\$ 697,551</u>	<u>\$ 397,825</u>	<u>\$ 21,622</u>	<u>\$ 115,718</u>	<u>\$ 80,329</u>	<u>\$ 3,494</u>
\$ 3,881	\$ 6,757	\$ 190	\$ 6,869	\$ 3,978	\$ -
-	5,330	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	140	-	-	-	-
<u>3,881</u>	<u>12,227</u>	<u>190</u>	<u>6,869</u>	<u>3,978</u>	<u>-</u>
-	-	11,465	-	-	-
693,670	385,598	9,967	108,849	76,351	3,494
<u>693,670</u>	<u>385,598</u>	<u>21,432</u>	<u>108,849</u>	<u>76,351</u>	<u>3,494</u>
<u>\$ 697,551</u>	<u>\$ 397,825</u>	<u>\$ 21,622</u>	<u>\$ 115,718</u>	<u>\$ 80,329</u>	<u>\$ 3,494</u>

(continued...)

COUNTY OF CALHOUN, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
December 31, 2008

	(263) Local Emergency Planning	(264) Emergency 911	(265) Sheriff	(266) Emergency Management
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 108,468	\$ 51,263	\$ -
Receivables:				
Accounts, net	-	243,558	-	-
Delinquent taxes	-	-	-	-
Accrued interest	-	-	1	-
Due from other governments	1,474	73,732	86,231	41,075
Due from other funds	-	-	-	-
Prepaid items	-	3,639	-	-
<u>TOTAL ASSETS</u>	\$ 1,474	\$ 429,397	\$ 137,495	\$ 41,075
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	\$ -	\$ 84,071	\$ 3,482	\$ 521
Accrued payroll	-	-	7,505	1,621
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Interfund payables	234	-	-	38,933
Deferred revenue	-	548	16,901	-
Total liabilities	234	84,619	27,888	41,075
Fund balances				
Reserved for prepaid items	-	3,639	-	-
Unreserved, undesignated	1,240	341,139	109,607	-
Total fund balances	1,240	344,778	109,607	-
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 1,474	\$ 429,397	\$ 137,495	\$ 41,075

(269) Law Library	(273) Community Corrections	(277) Community Corrections State Office	(281) Prosecutor	(285) Housing Rehabilitation	(289) MSU Coop. Ext.
\$ 18,267	\$ -	\$ -	\$ -	\$ 26,647	\$ 1,269
17	-	-	3,642	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	45,372	-	120,485	-	-
-	-	-	-	-	-
-	-	-	3,868	-	-
<u>\$ 18,284</u>	<u>\$ 45,372</u>	<u>\$ -</u>	<u>\$ 127,995</u>	<u>\$ 26,647</u>	<u>\$ 1,269</u>
\$ 2,085	\$ 5,975	\$ -	\$ 8,504	\$ 16,520	\$ 1,269
-	4,935	-	16,154	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	33,669	-	85,315	-	-
-	-	-	-	8,698	-
<u>2,085</u>	<u>44,579</u>	<u>-</u>	<u>109,973</u>	<u>25,218</u>	<u>1,269</u>
-	-	-	3,868	-	-
16,199	793	-	14,154	1,429	-
<u>16,199</u>	<u>793</u>	<u>-</u>	<u>18,022</u>	<u>1,429</u>	<u>-</u>
<u>\$ 18,284</u>	<u>\$ 45,372</u>	<u>\$ -</u>	<u>\$ 127,995</u>	<u>\$ 26,647</u>	<u>\$ 1,269</u>

(continued...)

COUNTY OF CALHOUN, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (Concluded)
December 31, 2008

	(290) Human Services	(293) Soldiers' Relief	(294) Veterans' Trust	Totals
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ 149,924	\$ 36,744	\$ 4,345	\$ 1,878,773
Receivables:				
Accounts, net	-	-	-	366,052
Delinquent taxes	-	214	-	214
Accrued interest	-	-	-	1,067
Due from other governments	-	-	2,781	963,762
Due from other funds	-	-	-	2,526
Prepaid items	-	-	-	18,972
	<hr/>	<hr/>	<hr/>	<hr/>
<u>TOTAL ASSETS</u>	<hr/> \$ 149,924	<hr/> \$ 36,958	<hr/> \$ 7,126	<hr/> \$ 3,231,366 <hr/>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 284,465
Accrued payroll	-	-	-	135,111
Due to other governments	41,000	-	-	41,000
Due to other funds	-	-	-	7,102
Interfund payables	-	-	-	164,742
Deferred revenue	-	214	-	26,501
Total liabilities	<hr/> 41,000	<hr/> 214	<hr/> -	<hr/> 658,921
Fund balances				
Reserved for prepaid items	-	-	-	18,972
Unreserved, undesignated	108,924	36,744	7,126	2,553,473
Total fund balances	<hr/> 108,924	<hr/> 36,744	<hr/> 7,126	<hr/> 2,572,445
	<hr/>	<hr/>	<hr/>	<hr/>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<hr/> \$ 149,924	<hr/> \$ 36,958	<hr/> \$ 7,126	<hr/> \$ 3,231,366 <hr/>

COUNTY OF CALHOUN, MICHIGAN
Combining Statement of Revenue, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

	(215) Friend of the Court	(216) Family Counseling	(228) County Special Projects	(229) Accommodations Tax
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ 948,760
Licenses and permits	-	14,330	-	-
Intergovernmental	2,159,466	-	-	-
Charges for services	40,832	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenue	2,200,298	14,330	-	948,760
Expenditures				
Current:				
Judicial	3,851,619	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	4,709	853,884
Capital outlay	42,024	-	-	-
Total expenditures	3,893,643	-	4,709	853,884
Revenue over (under) expenditures	(1,693,345)	14,330	(4,709)	94,876
Other financing sources (uses)				
Transfers in	1,999,058	-	37,951	-
Transfers out	-	(10,000)	(20,000)	(94,876)
Total other financing sources (uses)	1,999,058	(10,000)	17,951	(94,876)
Net change in fund balance	305,713	4,330	13,242	-
Fund balance, beginning of year	162,433	51,903	100,568	-
Fund balance, end of year	\$ 468,146	\$ 56,233	\$ 113,810	\$ -

(230) Solid Waste Management	(236) Circuit Court Grants	(243) Parks	(245) Remon- umentation	(256) Register of Deeds Automation	(260) Clerk
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	547,145	-	172,330	-	-
200,328	-	21,633	-	131,525	-
-	-	-	-	-	-
16,738	1,223	77	-	2,785	-
8,278	12,497	-	40,940	-	86
225,344	560,865	21,710	213,270	134,310	86
-	-	-	-	-	-
-	258,190	-	-	-	-
234,854	-	-	-	-	-
-	-	22,670	198,204	128,048	-
-	-	-	-	23,606	-
234,854	258,190	22,670	198,204	151,654	-
(9,510)	302,675	(960)	15,066	(17,344)	86
-	-	-	5,000	-	-
-	-	-	(5,000)	(23,645)	-
-	-	-	-	(23,645)	-
(9,510)	302,675	(960)	15,066	(40,989)	86
703,180	82,923	22,392	93,783	117,340	3,408
\$ 693,670	\$ 385,598	\$ 21,432	\$ 108,849	\$ 76,351	\$ 3,494

(continued...)

COUNTY OF CALHOUN, MICHIGAN
Combining Statement of Revenue, Expenditures
and Changes in Fund Balances (Continued)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

	(263) Local Emergency Planning	(264) Emergency 911	(265) Sheriff	(266) Emergency Management
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	294,401	80,829
Charges for services	-	-	65,540	-
Fines and forfeitures	-	-	12,955	-
Interest and rents	-	-	153	-
Other	1,474	968,170	1,925	-
Total revenue	1,474	968,170	374,974	80,829
Expenditures				
Current:				
Judicial	-	-	-	-
Public safety	9,901	733,237	426,577	90,204
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	18,100	-
Total expenditures	9,901	733,237	444,677	90,204
Revenue over (under) expenditures	(8,427)	234,933	(69,703)	(9,375)
Other financing sources (uses)				
Transfers in	-	-	74,555	9,375
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	74,555	9,375
Net change in fund balance	(8,427)	234,933	4,852	-
Fund balance, beginning of year	9,667	109,845	104,755	-
Fund balance, end of year	\$ 1,240	\$ 344,778	\$ 109,607	\$ -

(269) Law Library	(273) Community Corrections	(277) Community Corrections State Office	(281) Prosecutor	(285) Housing Rehabilitation	(289) MSU Coop. Ext.
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	212,072	-	545,465	113,922	15,452
-	-	-	-	-	-
6,500	-	-	-	-	-
-	-	-	-	-	-
-	-	-	30,569	-	-
6,500	212,072	-	576,034	113,922	15,452
26,015	-	-	-	-	-
-	228,623	-	667,572	-	-
-	-	-	-	144,636	-
-	-	-	-	-	22,451
-	-	-	7,197	-	-
26,015	228,623	-	674,769	144,636	22,451
(19,515)	(16,551)	-	(98,735)	(30,714)	(6,999)
13,780	-	-	104,001	-	-
-	-	-	-	-	-
13,780	-	-	104,001	-	-
(5,735)	(16,551)	-	5,266	(30,714)	(6,999)
21,934	17,344	-	12,756	32,143	6,999
\$ 16,199	\$ 793	\$ -	\$ 18,022	\$ 1,429	\$ -

(continued...)

COUNTY OF CALHOUN, MICHIGAN
Combining Statement of Revenue, Expenditures
and Changes in Fund Balances (Concluded)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

	(290) Human Services	(293) Soldiers' Relief	(294) Veterans' Trust	Totals
Revenue				
Taxes	\$ -	\$ 10,023	\$ -	\$ 958,783
Licenses and permits	-	-	-	14,330
Intergovernmental	280,845	-	19,862	4,441,789
Charges for services	39,192	-	-	499,050
Fines and forfeitures	-	-	-	19,455
Interest and rents	-	-	-	20,976
Other	-	-	-	1,063,939
Total revenue	320,037	10,023	19,862	7,018,322
Expenditures				
Current:				
Judicial	-	-	-	3,877,634
Public safety	-	-	-	2,414,304
Health and welfare	336,689	448	16,204	732,831
Recreation and cultural	-	-	-	1,229,966
Capital outlay	-	-	-	90,927
Total expenditures	336,689	448	16,204	8,345,662
Revenue over (under) expenditures	(16,652)	9,575	3,658	(1,327,340)
Other financing sources (uses)				
Transfers in	4,500	-	-	2,248,220
Transfers out	-	-	-	(153,521)
Total other financing sources (uses)	4,500	-	-	2,094,699
Net change in fund balance	(12,152)	9,575	3,658	767,359
Fund balance, beginning of year	121,076	27,169	3,468	1,805,086
Fund balance, end of year	\$ 108,924	\$ 36,744	\$ 7,126	\$ 2,572,445

COUNTY OF CALHOUN, MICHIGAN
Friend of the Court
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

	Amended Budget	Actual	Over (Under) Budget	2007
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	2,029,884	2,159,466	129,582	2,082,931
Charges for services	55,000	40,832	(14,168)	45,578
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenue	2,084,884	2,200,298	115,414	2,128,509
Expenditures				
Current:				
Judicial	4,073,942	3,851,619	(222,323)	3,654,493
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	47,800	42,024	(5,776)	5,538
Total expenditures	4,121,742	3,893,643	(228,099)	3,660,031
Revenue over (under) expenditures	(2,036,858)	(1,693,345)	343,513	(1,531,522)
Other financing sources (uses)				
Transfers in	1,999,058	1,999,058	-	1,614,969
Transfers out	-	-	-	-
Total other financing sources	1,999,058	1,999,058	-	1,614,969
Net change in fund balance	(37,800)	305,713	343,513	83,447
Fund balance, beginning of year	162,433	162,433	-	78,986
Fund balance, end of year	\$ 124,633	\$ 468,146	\$ 343,513	\$ 162,433

COUNTY OF CALHOUN, MICHIGAN
Family Counseling
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

	Amended Budget	Actual	Over (Under) Budget	2007
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	15,000	14,330	(670)	13,940
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	15,000	14,330	(670)	13,940
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures				
Current:				
Judicial	-	-	-	-
Public safety	-	-	-	-
Health and welfare	8,000	-	(8,000)	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	8,000	-	(8,000)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue over expenditures	7,000	14,330	7,330	13,940
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(10,000)	(10,000)	-	(10,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(10,000)	(10,000)	-	(10,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	(3,000)	4,330	7,330	3,940
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	51,903	51,903	-	47,963
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, end of year	<u>\$ 48,903</u>	<u>\$ 56,233</u>	<u>\$ 7,330</u>	<u>\$ 51,903</u>

COUNTY OF CALHOUN, MICHIGAN
County Special Projects
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

	Amended Budget	Actual	Over (Under) Budget	2007
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Total revenue	-	-	-	-
Expenditures				
Current:				
Judicial	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	55,000	4,709	(50,291)	5,612
Capital outlay	-	-	-	-
	-	-	-	-
Total expenditures	55,000	4,709	(50,291)	5,612
Revenue over (under) expenditures	(55,000)	(4,709)	50,291	(5,612)
Other financing sources (uses)				
Transfers in	36,000	37,951	1,951	36,136
Transfers out	(20,000)	(20,000)	-	(20,000)
	-	-	-	-
Total other financing sources (uses)	16,000	17,951	1,951	16,136
Net change in fund balance	(39,000)	13,242	52,242	10,524
Fund balance, beginning of year	100,568	100,568	-	90,044
Fund balance, end of year	\$ 61,568	\$ 113,810	\$ 52,242	\$ 100,568

COUNTY OF CALHOUN, MICHIGAN
Accommodations Tax
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

	Amended Budget	Actual	Over (Under) Budget	2007
Revenue				
Taxes	\$ 948,760	\$ 948,760	\$ -	\$ 903,393
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	948,760	948,760	-	903,393
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures				
Current:				
Judicial	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	853,884	853,884	-	813,053
Capital outlay	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	853,884	853,884	-	813,053
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue over expenditures	94,876	94,876	-	90,340
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(94,876)	(94,876)	-	(90,340)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(94,876)	(94,876)	-	(90,340)
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF CALHOUN, MICHIGAN
Solid Waste Management
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

	Amended Budget	Actual	Over (Under) Budget	2007
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	199,730	200,328	598	176,649
Fines and forfeitures	-	-	-	-
Interest and rents	16,500	16,738	238	29,144
Other	8,200	8,278	78	59,924
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	224,430	225,344	914	265,717
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures				
Current:				
Judicial	-	-	-	-
Public safety	-	-	-	-
Health and welfare	299,337	234,854	(64,483)	214,585
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	299,337	234,854	(64,483)	214,585
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	(74,907)	(9,510)	65,397	51,132
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	(74,907)	(9,510)	65,397	51,132
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	703,180	703,180	-	652,048
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, end of year	<u>\$ 628,273</u>	<u>\$ 693,670</u>	<u>\$ 65,397</u>	<u>\$ 703,180</u>

COUNTY OF CALHOUN, MICHIGAN
Circuit Court Grants
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

	Amended Budget	Actual	Over (Under) Budget	2007
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	420,985	547,145	126,160	311,213
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	1,223	1,223	-
Other	-	12,497	12,497	22,400
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	420,985	560,865	139,880	333,613
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures				
Current:				
Judicial	-	-	-	-
Public safety	420,985	258,190	(162,795)	284,869
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	420,985	258,190	(162,795)	284,869
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue over expenditures	-	302,675	302,675	48,744
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	-	302,675	302,675	48,744
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	82,923	82,923	-	34,179
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, end of year	<u>\$ 82,923</u>	<u>\$ 385,598</u>	<u>\$ 302,675</u>	<u>\$ 82,923</u>

COUNTY OF CALHOUN, MICHIGAN
Parks
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

	Amended Budget	Actual	Over (Under) Budget	2007
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	5,333	21,633	16,300	31,136
Fines and forfeitures	-	-	-	-
Interest and rents	-	77	77	96
Other	30,719	-	(30,719)	113,765
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	36,052	21,710	(14,342)	144,997
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures				
Current:				
Judicial	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	27,361	22,670	(4,691)	8,840
Capital outlay	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	27,361	22,670	(4,691)	8,840
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	8,691	(960)	(9,651)	136,157
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	8,691	(960)	(9,651)	136,157
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	22,392	22,392	-	(113,765)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, end of year	<u>\$ 31,083</u>	<u>\$ 21,432</u>	<u>\$ (9,651)</u>	<u>\$ 22,392</u>

COUNTY OF CALHOUN, MICHIGAN
Remonumentation
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

	Amended Budget	Actual	Over (Under) Budget	2007
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	185,000	172,330	(12,670)	176,379
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	143,000	40,940	(102,060)	63,432
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	328,000	213,270	(114,730)	239,811
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures				
Current:				
Judicial	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	480,888	198,204	(282,684)	235,081
Capital outlay	-	-	-	2,240
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	480,888	198,204	(282,684)	237,321
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	(152,888)	15,066	167,954	2,490
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses)				
Transfers in	5,000	5,000	-	12,500
Transfers out	(5,000)	(5,000)	-	(12,500)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	(152,888)	15,066	167,954	2,490
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	93,783	93,783	-	91,293
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance (deficit), end of year	<u>\$ (59,105)</u>	<u>\$ 108,849</u>	<u>\$ 167,954</u>	<u>\$ 93,783</u>

COUNTY OF CALHOUN, MICHIGAN
Register of Deeds Automation
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

	Amended Budget	Actual	Over (Under) Budget	2007
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	150,000	131,525	(18,475)	145,310
Fines and forfeitures	-	-	-	-
Interest and rents	10,000	2,785	(7,215)	9,082
Other	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	160,000	134,310	(25,690)	154,392
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures				
Current:				
Judicial	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	197,848	128,048	(69,800)	134,123
Capital outlay	24,750	23,606	(1,144)	84,399
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	222,598	151,654	(70,944)	218,522
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	(62,598)	(17,344)	45,254	(64,130)
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(23,645)	(23,645)	-	(1,500)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(23,645)	(23,645)	-	(1,500)
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	(86,243)	(40,989)	45,254	(65,630)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	117,340	117,340	-	182,970
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, end of year	\$ 31,097	\$ 76,351	\$ 45,254	\$ 117,340
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

COUNTY OF CALHOUN, MICHIGAN
Clerk
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

	Amended Budget	Actual	Over (Under) Budget	2007
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	86	86	42
	-	86	86	42
Total revenue	-	86	86	42
Expenditures				
Current:				
Judicial	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
	-	-	-	-
Total expenditures	-	-	-	-
Revenue over expenditures	-	86	86	42
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	86	86	42
Fund balance, beginning of year	3,408	3,408	-	3,366
Fund balance, end of year	\$ 3,408	\$ 3,494	\$ 86	\$ 3,408

COUNTY OF CALHOUN, MICHIGAN
Local Emergency Planning
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

	Amended Budget	Actual	Over (Under) Budget	2007
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	235	1,474	1,239	4,129
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	235	1,474	1,239	4,129
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures				
Current:				
Judicial	-	-	-	-
Public safety	9,902	9,901	(1)	5,769
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	9,902	9,901	(1)	5,769
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	(9,667)	(8,427)	1,240	(1,640)
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	(9,667)	(8,427)	1,240	(1,640)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	9,667	9,667	-	11,307
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 1,240</u>	<u>\$ 1,240</u>	<u>\$ 9,667</u>

COUNTY OF CALHOUN, MICHIGAN
Emergency 911
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

	Amended Budget	Actual	Over (Under) Budget	2007
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	803,537	968,170	164,633	715,092
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	803,537	968,170	164,633	715,092
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures				
Current:				
Judicial	-	-	-	-
Public safety	760,037	733,237	(26,800)	689,012
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	40,276
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	760,037	733,237	(26,800)	729,288
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	43,500	234,933	191,433	(14,196)
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	43,500	234,933	191,433	(14,196)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	109,845	109,845	-	124,041
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, end of year	<u>\$ 153,345</u>	<u>\$ 344,778</u>	<u>\$ 191,433</u>	<u>\$ 109,845</u>

COUNTY OF CALHOUN, MICHIGAN
Sheriff
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

	Amended Budget	Actual	Over (Under) Budget	2007
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	371,395	294,401	(76,994)	387,768
Charges for services	65,000	65,540	540	64,022
Fines and forfeitures	25,000	12,955	(12,045)	22,683
Interest and rents	6,000	153	(5,847)	5,075
Other	1,000	1,925	925	6,733
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	468,395	374,974	(93,421)	486,281
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures				
Current:				
Judicial	-	-	-	-
Public safety	506,957	426,577	(80,380)	507,406
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	72,000	18,100	(53,900)	42,195
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	578,957	444,677	(134,280)	549,601
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	(110,562)	(69,703)	40,859	(63,320)
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses)				
Transfers in	74,562	74,555	(7)	50,832
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	74,562	74,555	(7)	50,832
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	(36,000)	4,852	40,852	(12,488)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	104,755	104,755	-	117,243
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, end of year	\$ 68,755	\$ 109,607	\$ 40,852	\$ 104,755
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

COUNTY OF CALHOUN, MICHIGAN
Emergency Management
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

	Amended Budget	Actual	Over (Under) Budget	2007
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	138,832	80,829	(58,003)	337,173
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	138,832	80,829	(58,003)	337,173
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures				
Current:				
Judicial	-	-	-	-
Public safety	122,207	90,204	(32,003)	280,314
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	26,000	-	(26,000)	56,859
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	148,207	90,204	(58,003)	337,173
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	(9,375)	(9,375)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses)				
Transfers in	9,375	9,375	-	-
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	9,375	9,375	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

COUNTY OF CALHOUN, MICHIGAN
Law Library
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

	Amended Budget	Actual	Over (Under) Budget	2007
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	6,500	6,500	-	6,500
Interest and rents	-	-	-	-
Other	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	6,500	6,500	-	6,500
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures				
Current:				
Judicial	30,280	26,015	(4,265)	26,306
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	30,280	26,015	(4,265)	26,306
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	(23,780)	(19,515)	4,265	(19,806)
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses)				
Transfers in	13,780	13,780	-	18,333
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	13,780	13,780	-	18,333
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	(10,000)	(5,735)	4,265	(1,473)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	21,934	21,934	-	23,407
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, end of year	\$ 11,934	\$ 16,199	\$ 4,265	\$ 21,934
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

COUNTY OF CALHOUN, MICHIGAN
Community Corrections
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

	Amended Budget	Actual	Over (Under) Budget	2007
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	233,778	212,072	(21,706)	208,578
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	233,778	212,072	(21,706)	208,578
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures				
Current:				
Judicial	-	-	-	-
Public safety	233,778	228,623	(5,155)	209,079
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	233,778	228,623	(5,155)	209,079
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	-	(16,551)	(16,551)	(501)
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses)				
Transfers in	-	-	-	500
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-	500
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	-	(16,551)	(16,551)	(1)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	17,344	17,344	-	17,345
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, end of year	<u>\$ 17,344</u>	<u>\$ 793</u>	<u>\$ (16,551)</u>	<u>\$ 17,344</u>

COUNTY OF CALHOUN, MICHIGAN
Community Corrections State Office
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

	Amended Budget	Actual	Over (Under) Budget	2007
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	322,953
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Total revenue	-	-	-	322,953
Expenditures				
Current:				
Judicial	-	-	-	-
Public safety	-	-	-	322,953
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
	-	-	-	-
Total expenditures	-	-	-	322,953
Revenue over (under) expenditures	-	-	-	-
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

COUNTY OF CALHOUN, MICHIGAN
Prosecutor
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

	Amended Budget	Actual	Over (Under) Budget	2007
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	483,024	545,465	62,441	441,943
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	25,755	30,569	4,814	18,118
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	508,779	576,034	67,255	460,061
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures				
Current:				
Judicial	-	-	-	-
Public safety	672,761	667,572	(5,189)	602,513
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	7,200	7,197	(3)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	679,961	674,769	(5,192)	602,513
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	(171,182)	(98,735)	72,447	(142,452)
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses)				
Transfers in	171,182	104,001	(67,181)	153,582
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	171,182	104,001	(67,181)	153,582
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	-	5,266	5,266	11,130
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	12,756	12,756	-	1,626
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, end of year	<u>\$ 12,756</u>	<u>\$ 18,022</u>	<u>\$ 5,266</u>	<u>\$ 12,756</u>

COUNTY OF CALHOUN, MICHIGAN
Housing Rehabilitation
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

	Amended Budget	Actual	Over (Under) Budget	2007
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	255,000	113,922	(141,078)	4,721
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	28,643
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	255,000	113,922	(141,078)	33,364
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures				
Current:				
Judicial	-	-	-	-
Public safety	-	-	-	-
Health and welfare	255,000	144,636	(110,364)	52,365
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	255,000	144,636	(110,364)	52,365
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	-	(30,714)	(30,714)	(19,001)
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	-	(30,714)	(30,714)	(19,001)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	32,143	32,143	-	51,144
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, end of year	\$ 32,143	\$ 1,429	\$ (30,714)	\$ 32,143
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

COUNTY OF CALHOUN, MICHIGAN
MSU Cooperative Extension
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

	Amended Budget	Actual	Over (Under) Budget	2007
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	16,452	15,452	(1,000)	17,212
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	16,452	15,452	(1,000)	17,212
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures				
Current:				
Judicial	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	23,451	22,451	(1,000)	16,874
Capital outlay	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	23,451	22,451	(1,000)	16,874
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	(6,999)	(6,999)	-	338
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	(6,999)	(6,999)	-	338
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	6,999	6,999	-	6,661
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, end of year	\$ -	\$ -	\$ -	\$ 6,999
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

COUNTY OF CALHOUN, MICHIGAN
Human Services
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

	Amended Budget	Actual	Over (Under) Budget	2007
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	203,060	280,845	77,785	254,057
Charges for services	129,133	39,192	(89,941)	99,380
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	332,193	320,037	(12,156)	353,437
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures				
Current:				
Judicial	-	-	-	-
Public safety	-	-	-	-
Health and welfare	336,693	336,689	(4)	323,976
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	336,693	336,689	(4)	323,976
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	(4,500)	(16,652)	(12,152)	29,461
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses)				
Transfers in	4,500	4,500	-	2,500
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	4,500	4,500	-	2,500
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	-	(12,152)	(12,152)	31,961
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	121,076	121,076	-	89,115
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, end of year	<u>\$ 121,076</u>	<u>\$ 108,924</u>	<u>\$ (12,152)</u>	<u>\$ 121,076</u>

COUNTY OF CALHOUN, MICHIGAN
Soldiers' Relief
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

	Amended Budget	Actual	Over (Under) Budget	2007
Revenue				
Taxes	\$ 10,000	\$ 10,023	\$ 23	\$ 10,765
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	10,000	10,023	23	10,765
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures				
Current:				
Judicial	-	-	-	-
Public safety	-	-	-	-
Health and welfare	10,000	448	(9,552)	5,605
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	10,000	448	(9,552)	5,605
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue over expenditures	-	9,575	9,575	5,160
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	-	9,575	9,575	5,160
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	27,169	27,169	-	22,009
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, end of year	<u>\$ 27,169</u>	<u>\$ 36,744</u>	<u>\$ 9,575</u>	<u>\$ 27,169</u>

COUNTY OF CALHOUN, MICHIGAN
Veterans' Trust
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

	Amended Budget	Actual	Over (Under) Budget	2007
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	20,000	19,862	(138)	17,840
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	20,000	19,862	(138)	17,840
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures				
Current:				
Judicial	-	-	-	-
Public safety	-	-	-	-
Health and welfare	20,000	16,204	(3,796)	20,626
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	20,000	16,204	(3,796)	20,626
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	-	3,658	3,658	(2,786)
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	-	3,658	3,658	(2,786)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	3,468	3,468	-	6,254
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, end of year	<u>\$ 3,468</u>	<u>\$ 7,126</u>	<u>\$ 3,658</u>	<u>\$ 3,468</u>

NONMAJOR DEBT SERVICE FUNDS

Description of Funds
Combining Financial Statements

NONMAJOR DEBT SERVICE FUNDS

Jail Series III Refunding -- This fund is used to account for the retirement of refunding bonds issued in 1997. Funding is provided by a property tax levy.

Justice Center Refunding -- This fund is used to account for payment of principal and interest of bonds related to the Justice Center Complex project. Funding is provided through General Fund appropriations.

COUNTY OF CALHOUN, MICHIGAN
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2008

	(368) Jail Series III Refunding	(370) Justice Center Refunding	Total
<u>ASSETS</u>			
Assets			
Cash and cash equivalents	\$ 6,393	\$ 1,168	\$ 7,561
Delinquent taxes receivable	13,566	-	13,566
<u>TOTAL ASSETS</u>	<u>\$ 19,959</u>	<u>\$ 1,168</u>	<u>\$ 21,127</u>
<u>LIABILITIES</u>			
<u>AND FUND BALANCES</u>			
Liabilities			
Deferred revenue	\$ 13,547	\$ -	\$ 13,547
Fund balances			
Reserved for debt service	6,412	1,168	7,580
<u>TOTAL LIABILITIES</u>	<u>\$ 19,959</u>	<u>\$ 1,168</u>	<u>\$ 21,127</u>
<u>AND FUND BALANCES</u>			

COUNTY OF CALHOUN, MICHIGAN
Combining Statement of Revenue, Expenditures
and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2008

	(368) Jail Series III Refunding	(370) Justice Center Refunding	Total
Revenue			
Taxes	\$ 2,816	\$ -	\$ 2,816
Interest and rents	73	-	73
Total revenue	2,889	-	2,889
Expenditures			
Debt service:			
Principal	-	532,164	532,164
Interest and fiscal charges	-	136,719	136,719
Bond issuance costs	-	172,464	172,464
Total expenditures	-	841,347	841,347
Revenue over (under) expenditures	2,889	(841,347)	(838,458)
Other financing sources (uses)			
Issuance of refunding bonds	-	6,855,000	6,855,000
Discount on refunding bonds	-	(73,282)	(73,282)
Payment to refunding bond escrow agent	-	(6,609,254)	(6,609,254)
Transfers in	-	668,883	668,883
Total other financing sources	-	841,347	841,347
Net change in fund balance	2,889	-	2,889
Fund balance, beginning of year	3,523	1,168	4,691
Fund balance, end of year	\$ 6,412	\$ 1,168	\$ 7,580

NONMAJOR ENTERPRISE FUNDS

Description of Funds
Combining Financial Statements

ENTERPRISE FUNDS

Property Description -- This fund is used to account for the sale of property descriptions and aerial maps to the general public.

Sheriff Inmate Concession -- This fund is used to account for the operations of a store for Calhoun County Jail inmates. Funding is provided through sales of merchandise.

COUNTY OF CALHOUN, MICHIGAN
Combining Statement of Net Assets
Nonmajor Enterprise Funds
December 31, 2008

	(503) Property Description	(595) Sheriff Inmate Concession	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 5,914	\$ 138,886	\$ 144,800
Accounts receivable	-	67,039	67,039
Capital assets, net	3,201	-	3,201
Total assets	9,115	205,925	215,040
Current liabilities			
Accounts payable	-	53,108	53,108
Net assets			
Invested in capital assets	3,201	-	3,201
Unrestricted	5,914	152,817	158,731
Total net assets	\$ 9,115	\$ 152,817	\$ 161,932

COUNTY OF CALHOUN, MICHIGAN
Combining Statement of Revenue, Expenses
and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended December 31, 2008

	(503) Property Description	(595) Sheriff Inmate Concession	Total
Operating revenue			
Charges for services	\$ -	\$ 754,476	\$ 754,476
Operating expenses			
Depreciation	1,253	-	1,253
Other	-	603,588	603,588
Total operating expenses	1,253	603,588	604,841
Income (loss) before transfers	(1,253)	150,888	149,635
Transfers			
Transfers out	-	(28,500)	(28,500)
Change in fund net assets	(1,253)	122,388	121,135
Net assets, beginning of year	10,368	30,429	40,797
Net assets, end of year	<u>\$ 9,115</u>	<u>\$ 152,817</u>	<u>\$ 161,932</u>

COUNTY OF CALHOUN, MICHIGAN
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2008

	(503) Property Description	(595) Sheriff Inmate Concession	Total
Cash flows from operating activities			
Cash received from customers	\$ -	\$ 742,947	\$ 742,947
Cash payments to suppliers	-	(593,568)	(593,568)
Net cash provided by operating activities	-	149,379	149,379
Cash flows from noncapital financing activities			
Transfers out	-	(28,500)	(28,500)
Net increase in cash and cash equivalents	-	120,879	120,879
Cash and cash equivalents, beginning of year	5,914	18,007	23,921
Cash and cash equivalents, end of year	\$ 5,914	\$ 138,886	\$ 144,800
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ (1,253)	\$ 150,888	\$ 149,635
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operations:			
Depreciation	1,253	-	1,253
Changes in assets and liabilities:			
Accounts receivable	-	(11,529)	(11,529)
Accounts payable	-	10,020	10,020
Net cash provided by operating activities	\$ -	\$ 149,379	\$ 149,379

INTERNAL SERVICE FUNDS

Description of Funds
Combining Financial Statements

INTERNAL SERVICE FUNDS

Building & Grounds -- This fund is used to record the operation and maintenance of County buildings. Revenue is derived from building rents.

Administrative Services -- This fund is used to account for the operations of printing, mailing and telephone services, and data processing. Funding is provided through departmental user charges and contractual agreements.

Insurance -- This fund is used to account for the liability insurance coverage to the County. Funds are provided by a General Fund appropriation.

Employee Benefits -- This fund is used to account for various employee benefits which include health, dental, life, and disability insurance, and unemployment compensation claims. Funding is provided by charges to user departments.

Workers' Compensation -- This fund is used to record worker's compensation expenses and premium coverage from catastrophic loss. Financing for this fund is provided by departmental user charges.

Sick & Accident -- This fund is used to account for self-insured short-term disability claims. Funding is provided by charges to user departments.

COUNTY OF CALHOUN, MICHIGAN
Combining Statement of Net Assets
Internal Service Funds
December 31, 2008

	(631) Building & Grounds	(636) Administrative Services	(677) Insurance	(694) Employee Benefits
Assets				
Current assets:				
Cash and cash equivalents	\$ 706,498	\$ 420,729	\$ 342,659	\$ 598,421
Cash on hand with agents	-	-	42,565	-
Accounts receivable	2,009	11,593	7,680	21,907
Due from other governments	34,569	-	-	-
Inventory	-	3,520	-	-
Prepaid items	-	11,167	-	445,156
Total current assets	743,076	447,009	392,904	1,065,484
Capital assets, net	2,564,663	370,169	-	-
Total assets	3,307,739	817,178	392,904	1,065,484
Liabilities				
Current liabilities:				
Accounts payable	119,867	13,795	-	34,921
Accrued payroll	17,162	11,122	-	-
Claims payable	-	-	363,840	-
Advances from other funds	243,646	-	-	-
Unearned revenue	884	85	-	-
Current portion of capital leases payable	-	77,250	-	-
Total current liabilities	381,559	102,252	363,840	34,921
Long-term liabilities -				
Capital leases payable	-	138,330	-	-
Total liabilities	381,559	240,582	363,840	34,921
Net assets				
Invested in capital assets, net of related debt	2,564,663	154,589	-	-
Unrestricted	361,517	422,007	29,064	1,030,563
Total net assets	\$ 2,926,180	\$ 576,596	\$ 29,064	\$ 1,030,563

	(695) Workers' Compensation	(696) Sick & Accident	Total
\$	354,012	\$ 226,229	\$ 2,648,548
	-	-	42,565
	-	-	43,189
	-	-	34,569
	-	-	3,520
	-	-	456,323
	354,012	226,229	3,228,714
	-	-	2,934,832
	354,012	226,229	6,163,546
	-	-	168,583
	-	-	28,284
	272,908	-	636,748
	-	-	243,646
	-	-	969
	-	-	77,250
	272,908	-	1,155,480
	-	-	138,330
	272,908	-	1,293,810
	-	-	2,719,252
	81,104	226,229	2,150,484
\$	81,104	\$ 226,229	\$ 4,869,736

COUNTY OF CALHOUN, MICHIGAN
Combining Statement of Revenue, Expenses
and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2008

	(631) Building & Grounds	(636) Administrative Services	(677) Insurance	(694) Employee Benefits
Operating revenue				
Charges for services	\$ 2,487,265	\$ 1,115,182	\$ 631,636	\$ 6,409,050
Other	37,834	-	-	-
Total operating revenue	2,525,099	1,115,182	631,636	6,409,050
Operating expenses				
Administration	-	-	-	44,285
Cost of services	2,144,630	978,172	861,275	5,749,111
Depreciation	255,553	133,595	-	-
Total operating expenses	2,400,183	1,111,767	861,275	5,793,396
Operating income (loss)	124,916	3,415	(229,639)	615,654
Nonoperating revenue				
Interest revenue	-	-	2,896	-
Income (loss) before transfers	124,916	3,415	(226,743)	615,654
Transfers				
Transfers in	85,892	55,000	-	-
Transfers out	(250,000)	-	-	-
Total transfers	(164,108)	55,000	-	-
Change in net assets	(39,192)	58,415	(226,743)	615,654
Net assets, beginning of year	2,965,372	518,181	255,807	414,909
Net assets, end of year	\$ 2,926,180	\$ 576,596	\$ 29,064	\$ 1,030,563

(695) Workers' Compensation		(696) Sick & Accident		Total	
\$	307,996	\$	341,822	\$	11,292,951
	-		-		37,834
	307,996		341,822		11,330,785
	2,467		28,661		75,413
	314,008		210,000		10,257,196
	-		-		389,148
	316,475		238,661		10,721,757
	(8,479)		103,161		609,028
	-		-		2,896
	(8,479)		103,161		611,924
	-		-		140,892
	-		(100,000)		(350,000)
	-		(100,000)		(209,108)
	(8,479)		3,161		402,816
	89,583		223,068		4,466,920
\$	81,104	\$	226,229	\$	4,869,736

COUNTY OF CALHOUN, MICHIGAN
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2008

	(631) Building & Grounds	(636) Administrative Services	(677) Insurance	(694) Employee Benefits
Cash flows from operating activities				
Cash received from interfund services	\$ 2,489,090	\$ 1,112,417	\$ 664,951	\$ 6,389,399
Cash payments to suppliers	(1,498,038)	(627,987)	(642,828)	(6,517,529)
Cash payments to employees	(626,026)	(364,065)	-	-
Net cash provided by (used in) operating activities	365,026	120,365	22,123	(128,130)
Cash flows from noncapital financing activities				
Transfers in	85,892	55,000	-	-
Transfers out	(250,000)	-	-	-
Net cash provided by (used in) noncapital financing activities	(164,108)	55,000	-	-
Cash flows from capital and related financing activities				
Purchase of capital assets	(272,149)	(89,882)	-	-
Capital lease payments	-	(65,831)	-	-
Proceeds for long-term debt	-	54,172	-	-
Net cash used in capital and related financing activities	(272,149)	(101,541)	-	-
Cash flows from investing activities				
Interest earned	-	-	2,896	-
Net increase (decrease) in cash and cash equivalents	(71,231)	73,824	25,019	(128,130)
Cash and cash equivalents, beginning of year	777,729	346,905	317,640	726,551
Cash and cash equivalents, end of year	\$ 706,498	\$ 420,729	\$ 342,659	\$ 598,421

(695) Workers' Compensation		(696) Sick & Accident		Total	
\$	307,996	\$	341,872	\$	11,305,725
	(354,958)		(238,661)		(9,880,001)
	-		-		(990,091)
	(46,962)		103,211		435,633
	-		-		140,892
	-		(100,000)		(350,000)
	-		(100,000)		(209,108)
	-		-		(362,031)
	-		-		(65,831)
	-		-		54,172
	-		-		(373,690)
	-		-		2,896
	(46,962)		3,211		(144,269)
	400,974		223,018		2,792,817
\$	354,012	\$	226,229	\$	2,648,548

(continued...)

COUNTY OF CALHOUN, MICHIGAN
Combining Statement of Cash Flows (Concluded)
Internal Service Funds
For the Year Ended December 31, 2008

	(631) Building & Grounds	(636) Administrative Services	(677) Insurance	(694) Employee Benefits
Reconciliation of operating income (loss)				
to net cash provided by (used in)				
operating activities				
Operating income (loss)	\$ 124,916	\$ 3,415	\$ (229,639)	\$ 615,654
Adjustments to reconcile operating income (loss)				
to net cash provided by (used in) operations:				
Depreciation	255,553	133,595	-	-
Changes in assets and liabilities:				
Cash on hand with agents	-	-	(42,565)	-
Accounts receivable	(1,440)	(9,584)	75,880	(19,651)
Due from other funds	(34,569)	6,819	-	-
Inventory	-	1,762	-	-
Prepaid items	3,629	31,246	-	(239,949)
Accounts payable	34,167	(49,900)	(24,143)	24,100
Accrued payroll	6,186	2,927	-	-
Claims payable	-	-	242,590	(508,284)
Unearned revenue	884	85	-	-
Advances from other funds	(24,300)	-	-	-
Net cash provided by (used in)				
operating activities	<u>\$ 365,026</u>	<u>\$ 120,365</u>	<u>\$ 22,123</u>	<u>\$ (128,130)</u>

(695) Workers' Compensation	(696) Sick & Accident	Total
\$ (8,479)	\$ 103,161	\$ 609,028
-	-	389,148
-	-	(42,565)
-	50	45,255
-	-	(27,750)
-	-	1,762
-	-	(205,074)
-	-	(15,776)
-	-	9,113
(38,483)	-	(304,177)
-	-	969
-	-	(24,300)
\$ (46,962)	\$ 103,211	\$ 435,633

FIDUCIARY FUNDS

Description of Funds
Combining Financial Statements

FIDUCIARY FUNDS

PENSION TRUST FUNDS:

Employees Defined Benefit -- This fund is used to account for the operations of the Defined Benefit Pension Plan.

Employee Benefits -- This fund is used to account for the administrative costs of operating the County's 401(k) Pension Plan.

Flexible Benefits -- This fund is used to account for donations held under a trust agreement as well as all other donations not accounted for elsewhere.

AGENCY FUNDS:

Trust and Agency -- This fund is used to account for assets held by Calhoun County acting as an agent for individuals, private organizations, other governmental units, and other funds.

Penal Fines -- This fund is used to account for money that is received from the courts for fines imposed as a result of State law violations.

Inmate Trust -- This fund is used to account for inmate monies held by the County while incarcerated.

Friend of the Court -- This fund is used to account for monies collected from non-custodial parents for distribution to custodial parents and/or other governmental units.

District Court -- This fund is used to account for various fines and bonds collected and subsequently distributed.

COUNTY OF CALHOUN, MICHIGAN
Combining Statement of Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
December 31, 2008

	(735) Employees Defined Benefit	(731) Employee Benefits	(734) Flexible Benefits	Total
Assets				
Cash and cash equivalents	\$ -	\$ 2,675	\$ 39,743	\$ 42,418
Investments:				
Mutual and cash management funds	7,415,136	-	-	7,415,136
 Total assets	 7,415,136	 2,675	 39,743	 7,457,554
Liabilities				
Accounts payable	3,323	2,096	-	5,419
Net assets held in trust for				
Retirement benefits	7,411,813	-	-	7,411,813
Employee benefits	-	579	39,743	40,322
 Total net assets	 \$ 7,411,813	 \$ 579	 \$ 39,743	 \$ 7,452,135

COUNTY OF CALHOUN, MICHIGAN
Combining Statement of Changes in Plan Net Assets
Pension and Other Employee Benefit Trust Funds
For the Year Ended December 31, 2008

	(735) Employees Defined Benefit	(731) Employee Benefits	(734) Flexible Benefits	Total
Additions:				
Investment income:				
Change in fair value of investments	\$ (2,462,643)	\$ 22	\$ -	\$ (2,462,621)
Interest	220,954	-	-	220,954
	<hr/>	<hr/>	<hr/>	<hr/>
Net investment (loss) gain	(2,241,689)	22	-	(2,241,667)
	<hr/>	<hr/>	<hr/>	<hr/>
Contributions:				
Employer	762,920	-	-	762,920
Employee	1,034,915	-	232,271	1,267,186
	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions	1,797,835	-	232,271	2,030,106
	<hr/>	<hr/>	<hr/>	<hr/>
Total additions (net investment loss in excess of contributions)	(443,854)	22	232,271	(211,561)
	<hr/>	<hr/>	<hr/>	<hr/>
Deductions:				
Pension benefits paid to participants	385,050	-	-	385,050
Actuarial fees	7,055	-	-	7,055
Administrative fees	-	7,886	-	7,886
Refunds	85,416	-	-	85,416
Employee reimbursements	-	-	247,552	247,552
	<hr/>	<hr/>	<hr/>	<hr/>
Total deductions	477,521	7,886	247,552	732,959
	<hr/>	<hr/>	<hr/>	<hr/>
Net decrease	(921,375)	(7,864)	(15,281)	(944,520)
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets held in trust for pension benefits				
Beginning of year	8,333,188	8,443	55,024	8,396,655
	<hr/>	<hr/>	<hr/>	<hr/>
End of year	\$ 7,411,813	\$ 579	\$ 39,743	\$ 7,452,135
	<hr/>	<hr/>	<hr/>	<hr/>

COUNTY OF CALHOUN, MICHIGAN
Combining Statement of Assets and Liabilities
Agency Funds
December 31, 2008

	Trust and Agency	Penal Fines	Inmate Trust	Friend of the Court
Assets				
Cash and cash equivalents	\$ 1,515,266	\$ 123,458	\$ 160,686	\$ 4,316
Accounts receivable	119,816	30,074	-	-
Total assets	<u>\$ 1,635,082</u>	<u>\$ 153,532</u>	<u>\$ 160,686</u>	<u>\$ 4,316</u>
Liabilities				
Accounts payable	\$ 536,626	\$ -	\$ -	\$ -
Due to individuals and agencies	691,446	-	160,686	4,316
Due to other governments	407,010	153,532	-	-
Total liabilities	<u>\$ 1,635,082</u>	<u>\$ 153,532</u>	<u>\$ 160,686</u>	<u>\$ 4,316</u>

District Court		Total	
\$	503,248	\$	2,306,974
	-		149,890
\$	503,248	\$	2,456,864
\$	-	\$	536,626
	503,248		1,359,696
	-		560,542
\$	503,248	\$	2,456,864

COUNTY OF CALHOUN, MICHIGAN
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended December 31, 2008

	Beginning Balance	Additions	Reductions	Ending Balance
<u>TRUST AND AGENCY FUND</u>				
Assets				
Cash	\$ 1,017,129	\$ 31,968,735	\$ 31,470,598	\$ 1,515,266
Accounts receivable	120,071	316	571	119,816
	<hr/>			
Total assets	\$ 1,137,200	\$ 31,969,051	\$ 31,471,169	\$ 1,635,082
	<hr/>			
Liabilities				
Accounts payable	\$ 398,082	\$ 20,877,599	\$ 20,739,055	\$ 536,626
Due to individuals and agencies	416,518	2,865,403	2,590,475	691,446
Due to other governments	322,600	27,765,560	27,681,150	407,010
	<hr/>			
Total liabilities	\$ 1,137,200	\$ 51,508,562	\$ 51,010,680	\$ 1,635,082
	<hr/>			
<u>PENAL FINES</u>				
Assets				
Cash	\$ 116,183	\$ 417,605	\$ 410,330	\$ 123,458
Accounts receivable	23,904	30,074	23,904	30,074
	<hr/>			
Total assets	\$ 140,087	\$ 447,679	\$ 434,234	\$ 153,532
	<hr/>			
Liabilities				
Due to other governments	\$ 140,087	\$ 459,008	\$ 445,563	\$ 153,532
	<hr/>			

(continued...)

COUNTY OF CALHOUN, MICHIGAN
Agency Funds
Combining Statement of Changes in Assets and Liabilities
(Continued)
For the Year Ended December 31, 2008

	Beginning Balance	Additions	Reductions	Ending Balance
<u>SHERIFF INMATE TRUST FUND</u>				
Assets				
Cash and cash equivalents	\$ 141,644	\$ 45,553	\$ 26,511	\$ 160,686
Liabilities				
Due to individuals and agencies	\$ 141,644	\$ 2,329,690	\$ 2,310,648	\$ 160,686
<u>FRIEND OF THE COURT FUND</u>				
Assets				
Cash and cash equivalents	\$ 4,757	\$ 999,064	\$ 999,505	\$ 4,316
Liabilities				
Due to individuals and agencies	\$ 4,757	\$ 999,064	\$ 999,505	\$ 4,316
<u>DISTRICT COURT FUND</u>				
Assets				
Cash and cash equivalents	\$ 501,221	\$ 16,984,022	\$ 16,981,995	\$ 503,248
Liabilities				
Due to individuals and agencies	\$ 501,221	\$ 16,984,022	\$ 16,981,995	\$ 503,248

(continued...)

COUNTY OF CALHOUN, MICHIGAN
Agency Funds
Combining Statement of Changes in Assets and Liabilities
(Concluded)
For the Year Ended December 31, 2008

	Beginning Balance	Additions	Reductions	Ending Balance
<u>TOTAL ALL AGENCY FUNDS</u>				
Assets				
Cash and cash equivalents	\$ 1,780,934	\$ 50,414,979	\$ 49,888,939	\$ 2,306,974
Accounts receivable	143,975	30,390	24,475	149,890
	<hr/>			
Total assets	\$ 1,924,909	\$ 50,445,369	\$ 49,913,414	\$ 2,456,864
	<hr/>			
Liabilities				
Accounts payable	\$ 398,082	\$ 20,877,599	\$ 20,739,055	\$ 536,626
Due to individuals and agencies	1,064,140	23,178,179	22,882,623	1,359,696
Due to other governments	462,687	28,224,568	28,126,713	560,542
	<hr/>			
Total liabilities	\$ 1,924,909	\$ 72,280,346	\$ 71,748,391	\$ 2,456,864
	<hr/>			

DRAIN COMMISSION COMPONENT UNIT

Description of Funds
Combining Component Unit Financial Statements

DRAIN COMMISSION COMPONENT UNIT

County Drain -- This fund is used to record construction, maintenance and storm repair expenditures for all drains which are not accounted for in other drain capital projects funds.

Lake Level -- This fund is used to account for revenues and expenditures related to the control of lake levels.

Drain Revolving -- This fund is used to account for monies advanced for engineering, surveys, and other preliminary costs of new drains. Monies for the operation of this fund are supplied by an advance from the County General Fund and reimbursements from drain funds as special assessments are collected.

Lake Level Revolving -- This fund is used to account for money advanced for engineering and other preliminary costs of a lake level project.

COUNTY OF CALHOUN, MICHIGAN
Drain Commission Component Unit
Statement of Net Assets / Governmental Funds Balance Sheet
December 31, 2008

	Capital Projects Funds			
	County Drain	Lake Level	Drain Revolving	Lake Level Revolving
Assets				
Cash and cash equivalents	\$ 351,507	\$ 36,389	\$ 9,076	\$ 13,135
Receivables:				
Accounts	497	-	-	-
Accrued interest	5,205	487	-	-
Special assessments	976,451	193,953	-	-
Due from other governments	950	-	-	-
Due from other funds	-	2,535	56,924	-
Capital assets, net	-	-	-	-
Total assets	<u>\$ 1,334,610</u>	<u>\$ 233,364</u>	<u>\$ 66,000</u>	<u>\$ 13,135</u>
Liabilities				
Accounts payable	\$ 10,419	\$ 67	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	56,924	-	-	2,535
Advance from primary government	-	-	66,000	10,600
Deferred revenue	996,488	194,257	-	-
Long-term debt:				
Due in one year	-	-	-	-
Due in more than one year	-	-	-	-
Total liabilities	1,063,831	194,324	66,000	13,135
Fund balances				
Unreserved, undesignated	270,779	39,040	-	-
Total liabilities and fund balances	<u>\$ 1,334,610</u>	<u>\$ 233,364</u>	<u>\$ 66,000</u>	<u>\$ 13,135</u>
Net assets				
Invested in capital assets, net of related debt				
Unrestricted				
Total net assets				

Total		Adjustments	Statement of Net Assets
\$ 410,107		\$ -	\$ 410,107
497		-	497
5,692		-	5,692
1,170,404		-	1,170,404
950		-	950
59,459		(59,459)	-
-		3,559,829	3,559,829
<u>\$ 1,647,109</u>		3,500,370	5,147,479
\$ 10,486		\$ -	\$ 10,486
-		197,988	197,988
59,459		(59,459)	-
76,600		-	76,600
1,190,745		(1,185,236)	5,509
-		482,416	482,416
-		1,153,918	1,153,918
1,337,290		589,627	1,926,917
309,819		(309,819)	-
<u>\$ 1,647,109</u>			
		1,923,495	1,923,495
		1,297,067	1,297,067
		<u>\$ 3,220,562</u>	<u>\$ 3,220,562</u>

COUNTY OF CALHOUN, MICHIGAN
Drain Commission Component Unit
Reconciliation of Fund Balances of
Capital Projects Funds to Net Assets
December 31, 2008

Fund balances - total capital projects funds	\$ 309,819
--	------------

Amounts reported in the statement of net assets are different because:

Capital assets are not financial resources, and therefore not reported in the funds.

Add - capital assets being depreciated, net	3,559,829
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Because the focus of capital projects funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred revenues in the capital projects funds, and thus are not included in fund balance.

Add - deferred special assessments receivable	1,185,236
---	-----------

Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.

Deduct - bonds payable, long-term portion	(1,153,918)
Deduct - bonds payable, current portion	(482,416)
Deduct - accrued interest on long-term liabilities	(197,988)
	(1,734,322)

Net assets	\$ 3,220,562
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COUNTY OF CALHOUN, MICHIGAN
Drain Commission Component Unit
Statement of Activities / Governmental Funds Revenue, Expenditures
and Changes in Fund Balance
For the Year Ended December 31, 2008

	Capital Projects Funds			
	County Drain	Lake Level	Drain Revolving	Lake Level Revolving
Revenue				
Special assessments	\$ 427,678	\$ 30,789	\$ -	\$ -
Interest and rentals	29,490	1,003	-	-
Total revenue	457,168	31,792	-	-
Expenditures/Expense				
Public works	381,448	17,004	-	-
Debt service:				
Principal	201,779	25,000	-	-
Interest and fiscal charges	21,853	5,502	-	-
Total expenditures/expenses	605,080	47,506	-	-
Revenue under expenditures	(147,912)	(15,714)	-	-
Other financing sources				
Note proceeds	173,650	-	-	-
Change in net asests / fund balance	25,738	(15,714)	-	-
Net assets / fund balances -				
Beginning of year	245,041	54,754	-	-
End of year	<u>\$ 270,779</u>	<u>\$ 39,040</u>	<u>\$ -</u>	<u>\$ -</u>

Total		Adjustments		Statement of Activities	
\$	458,467	\$	(325,088)	\$	133,379
	30,493		-		30,493
	488,960		(325,088)		163,872
	398,452		(134,392)		264,060
	226,779		(226,779)		-
	27,355		42,604		69,959
	652,586		(318,567)		334,019
	(163,626)		(6,521)		
	173,650		(173,650)		
	10,024		(180,171)		(170,147)
	299,795		3,090,914		3,390,709
\$	309,819	\$	2,910,743	\$	3,220,562

COUNTY OF CALHOUN, MICHIGAN
Drain Commission Component Unit
Reconciliation of the Statement of Revenue, Expenditures
and Changes in Fund Balances
of Capital Projects Funds to the Statement of Activities
For the Year Ended December 31, 2008

Net change in fund balances - total capital projects funds	\$ 10,024
--	-----------

Amounts reported in the statement of activities are different because:

Capital projects funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add - capital outlay	217,690
Deduct - depreciation expense	(83,298)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Deduct - change in deferred special assessments	(325,088)
---	-----------

Bond proceeds provide current financial resources to capital projects funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the capital projects funds, but the repayment reduces long term-liabilities.

Add - principal payments on long-term liabilities	226,779
Deduct - proceeds from the issuance of notes payable	(173,650)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in capital projects funds.

Deduct - change in accrued interest on bonds	(42,604)
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Change in net assets	<u><u>\$ (170,147)</u></u>
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STATISTICAL SECTION

STATISTICAL SECTION

This part of Calhoun County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends (Schedules 1 thru 5)	141-148
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity (Schedules 6 thru 9)	149-152
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity (Schedules 10 thru 12)	153-155
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information (Schedules 13 thru 15)	156-158
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information (Schedules 16 thru 18)	159-162
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CALHOUN COUNTY
Net Assets by Component
Last Six Years (A)
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008
Governmental activities						
Invested in capital assets, net of related debt	\$ 24,917,772	\$ 26,187,657	\$ 26,169,587	\$ 26,820,780	\$ 26,678,844	\$ 26,076,987
Restricted	3,175,553	7,352,100	9,761,506	12,578,097	10,339,244	8,086,613
Unrestricted	4,078,915	3,095,329	2,485,207	3,163,653	5,480,540	5,222,655
Total governmental activities net assets	<u>\$ 32,172,240</u>	<u>\$ 36,635,086</u>	<u>\$ 38,416,300</u>	<u>\$ 42,562,530</u>	<u>\$ 42,498,628</u>	<u>\$ 39,386,255</u>
Business-type activities						
Invested in capital assets, net of related debt	\$ 2,667,701	\$ 2,368,673	\$ 2,383,023	\$ 2,088,376	\$ 6,786,181	\$ 9,959,362
Restricted	8,150,319	8,150,319	6,473,620	16,933,437	11,789,273	12,100,292
Unrestricted	14,459,298	15,396,070	18,010,841	10,079,667	12,230,406	9,166,103
Total business-type activities net assets	<u>\$ 25,277,318</u>	<u>\$ 25,915,062</u>	<u>\$ 26,867,484</u>	<u>\$ 29,101,480</u>	<u>\$ 30,805,860</u>	<u>\$ 31,225,757</u>
Primary government						
Invested in capital assets, net of related debt	\$ 27,585,473	\$ 28,556,330	\$ 28,552,610	\$ 28,909,156	\$ 33,465,025	\$ 36,036,349
Restricted	11,325,872	15,502,419	16,235,126	29,511,534	22,128,517	20,186,905
Unrestricted	18,538,213	18,491,399	20,496,048	13,243,320	17,710,946	14,388,758
Total primary government net assets	<u>\$ 57,449,558</u>	<u>\$ 62,550,148</u>	<u>\$ 65,283,784</u>	<u>\$ 71,664,010</u>	<u>\$ 73,304,488</u>	<u>\$ 70,612,012</u>

(A) - Calhoun County implemented GASB Statement No. 34 as of and for the year ended December 31, 2003. Accordingly, data prior to 2003 is not available.

Source: Calhoun County Finance Department

CALHOUN COUNTY
Changes in Net Assets
Last Six Years (A)
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008
Expenses						
Governmental activities:						
Legislative	\$ 245,482	\$ 230,854	\$ 235,010	\$ 230,620	\$ 259,468	\$ 264,497
Judicial	11,635,598	11,569,900	12,423,746	12,482,683	12,838,999	13,101,700
General government	3,837,550	6,532,765	6,684,366	6,577,864	6,663,685	7,155,740
Public safety	16,317,111	17,320,180	18,481,346	18,139,312	19,222,310	20,020,438
Public works	86,098	81,496	105,166	104,239	98,130	120,455
Health and welfare	13,456,711	14,241,240	14,834,373	14,017,558	12,282,729	12,661,937
Recreation and cultural	1,304,732	1,285,261	1,286,701	1,489,081	1,349,696	1,395,784
Other activities	2,372,566	211,442	2,174	-	-	-
Interest on long-term debt	556,947	416,703	349,726	317,147	574,504	272,244
Total governmental activities expenses	49,812,795	51,889,841	54,402,608	53,358,504	53,289,521	54,992,795
Business-type activities:						
Medical Care Facility	9,238,743	9,163,132	9,183,020	10,493,607	10,619,996	12,145,234
Delinquent tax collection	154,424	238,944	299,849	279,085	478,706	484,567
Inmate concessions	575,324	620,706	697,820	664,950	628,914	603,588
Property description	50,029	52,116	51,299	2,136	1,911	1,253
Total business-type activities expenses	10,018,520	10,074,898	10,231,988	11,439,778	11,729,527	13,234,642
Total primary government expenses	59,831,315	61,964,739	64,634,596	64,798,282	65,019,048	68,227,437
Program revenues						
Governmental activities:						
Charges for services:						
Legislative	-	-	60	2,647	845	-
Judicial	4,068,932	3,971,477	4,093,128	4,252,948	4,132,091	3,901,000
General government	1,772,050	1,608,462	1,628,439	1,508,235	1,409,489	1,297,654
Public safety	5,465,928	5,462,496	5,594,938	6,501,626	6,862,744	7,971,988
Public works	-	-	-	-	-	-
Health and welfare	770,827	799,523	812,865	786,829	784,818	715,933
Recreation and cultural	469,278	438,780	439,650	412,788	353,095	353,486
Other activities	-	-	-	-	-	-
Operating grants and contributions	17,068,133	16,455,320	15,863,153	15,807,506	14,451,313	12,847,689
Capital grants and contributions	-	31,424	-	-	-	-
Total governmental activities program revenues	29,615,148	28,767,482	28,432,233	29,272,579	27,994,395	27,087,750
Business-type activities:						
Charges for services:						
Medical Care Facility	8,380,924	8,883,836	8,906,789	10,356,094	9,875,996	10,423,707
Delinquent tax collection	1,532,047	1,306,302	1,596,744	2,143,574	2,156,518	2,555,513
Inmate concession	626,433	707,365	786,296	789,694	738,156	754,476
Property description	1,293	1,857	1,976	-	-	-
Operating grants and contributions	442,177	631,816	1,001,194	1,330,785	1,196,474	453,690
Total business-type activities program revenues	10,982,874	11,531,176	12,292,999	14,620,147	13,967,144	14,187,386
Total primary government program revenues	40,598,022	40,298,658	40,725,232	43,892,726	41,961,539	41,275,136
Net (Expense)/Revenue						
Government activities	(20,197,647)	(23,122,359)	(25,970,375)	(24,085,925)	(25,295,126)	(27,905,045)
Business-type activities	964,354	1,456,278	2,061,011	3,180,179	2,237,617	952,744
Total primary government net expense	(19,233,293)	(21,666,081)	(23,909,364)	(20,905,746)	(23,057,509)	(26,952,301)

CALHOUN COUNTY
Changes in Net Assets (Concluded)
Last Six Fiscal Years (A)
(accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Revenues						
Governmental activities:						
Property taxes	\$ 19,314,374	\$ 25,299,765	\$ 24,740,374	\$ 25,284,240	\$ 22,437,356	\$ 22,440,230
Unrestricted grants and contributions	447,192	486,212	469,410	486,774	512,072	541,822
Investment earnings	180,688	200,159	400,343	636,463	622,787	289,912
Gain on sale of capital assets	10,148	150	49,119	5,900	676	-
Transfers	1,112,441	1,604,755	1,989,009	1,863,778	1,658,333	1,520,708
Total governmental activities	<u>21,064,843</u>	<u>27,591,041</u>	<u>27,648,255</u>	<u>28,277,155</u>	<u>25,231,224</u>	<u>24,792,672</u>
Business-type activities:						
Property taxes	761,311	786,221	880,423	917,934	929,771	995,653
Investment earnings	-	-	-	-	-	-
Transfers	(1,112,441)	(1,604,755)	(1,989,009)	(1,864,117)	(1,658,333)	(1,528,500)
Total business-type activities	<u>(351,130)</u>	<u>(818,534)</u>	<u>(1,108,586)</u>	<u>(946,183)</u>	<u>(728,562)</u>	<u>(532,847)</u>
Total primary government	<u>20,713,713</u>	<u>26,772,507</u>	<u>26,539,669</u>	<u>27,330,972</u>	<u>24,502,662</u>	<u>24,259,825</u>
Change in Net Assets						
Government activities	867,196	4,468,682	1,677,880	4,191,230	(63,902)	(3,112,373)
Business-type activities	<u>613,224</u>	<u>637,744</u>	<u>952,425</u>	<u>2,233,996</u>	<u>1,509,055</u>	<u>419,897</u>
Total primary government	<u>\$ 1,480,420</u>	<u>\$ 5,106,426</u>	<u>\$ 2,630,305</u>	<u>\$ 6,425,226</u>	<u>\$ 1,445,153</u>	<u>\$ (2,692,476)</u>

(A) - Calhoun County implemented GASB Statement No. 34 as of and for the year ended December 31, 2003. Accordingly, data prior to 2003 is not available.

Source: Calhoun County Finance Department

CALHOUN COUNTY
Fund Balances - Governmental Funds
Last Six Years (A)
(modified accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund						
Reserved	\$ 77,200	\$ 76,600	\$ 76,600	\$ 77,520	\$ 77,180	\$ 77,225
Unreserved	3,171,366	2,281,002	1,952,034	2,912,949	3,458,805	3,846,820
Total general fund	<u>\$ 3,248,566</u>	<u>\$ 2,357,602</u>	<u>\$ 2,028,634</u>	<u>\$ 2,990,469</u>	<u>\$ 3,535,985</u>	<u>\$ 3,924,045</u>
 All Other Governmental Funds						
Reserved	\$ -	\$ 9,659	\$ 5,312	\$ 38,503	\$ 64,050	\$ 55,518
Unreserved, reported in:						
Special revenue funds	2,395,502	7,226,693	9,624,240	12,375,818	10,297,586	7,984,985
Debt service funds	772,821	12,167	129,783	123,662	4,691	7,580
Permanent funds	37,864	38,002	38,453	2,304	1,456	1,806
Total all other governmental funds	<u>\$ 3,206,187</u>	<u>\$ 7,286,521</u>	<u>\$ 9,797,788</u>	<u>\$ 12,540,287</u>	<u>\$ 10,367,783</u>	<u>\$ 8,049,889</u>

(A) - Calhoun County implemented GASB Statement No. 34 as of and for the year ended December 31, 2003. Accordingly, data prior to 2003 is not available.

Source: Calhoun County Finance Department

CALHOUN COUNTY
Changes in Fund Balances - Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	1999	2000	2001	2002	2003
Revenues					
Taxes and Special Assessments	\$ 17,237,189	\$ 17,879,856	\$ 18,420,927	\$ 19,482,824	\$ 19,706,493
Licenses and permits	381,283	380,519	364,529	412,396	3,180,063
Intergovernmental	14,330,411	15,886,898	16,518,140	16,377,836	12,597,492
Charges for services	8,731,054	9,218,508	9,070,713	10,577,756	10,827,782
Fines and forfeits	1,032,951	980,181	948,283	1,069,140	950,419
Interest and rents	883,543	933,585	816,258	533,812	840,193
Other revenues	1,169,780	1,573,887	1,774,171	2,089,614	1,546,983
Total revenues	43,766,211	46,853,434	47,913,021	50,543,378	49,649,425
Expenditures					
Legislative	176,065	180,323	186,123	217,551	195,403
Judicial	9,200,979	9,394,487	10,321,972	10,534,792	10,738,937
General government	4,889,875	4,973,391	4,971,155	5,445,848	10,373,446
Public safety	10,510,472	11,677,490	12,249,852	13,357,586	14,329,568
Public works	66,479	63,262	90,194	74,217	198,143
Health and Welfare	13,931,311	13,559,634	13,838,748	13,990,987	8,883,689
Recreation and cultural	-	-	-	-	1,094,946
Other activities	2,998,527	2,935,378	3,056,857	3,354,903	2,372,566
Debt service:					
Principal	2,236,344	2,346,586	2,371,980	2,279,416	3,677,737
Interest and fiscal charges	1,046,656	935,829	823,743	712,096	564,769
Bond issuance costs	-	-	-	-	-
Capital outlay	593,194	456,752	197,633	412,460	536,599
Less: Reimbursements	(219,231)	-	-	-	-
Total expenditures	45,430,671	46,523,132	48,108,257	50,379,856	52,965,803
Revenues over (under) expenditures	(1,664,460)	330,302	(195,236)	163,522	(3,316,378)
Other financing sources (uses)					
Issuance of refunding bonds	-	-	-	-	-
Discount on refunding bonds	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-
Transfers in	6,090,702	6,019,808	6,887,240	7,534,019	8,157,974
Transfers out	(5,481,472)	(5,396,866)	(5,871,448)	(5,608,885)	(6,961,172)
Transfer to component units	(3,780)	(242,787)	-	-	-
Total other financing sources (uses)	605,450	380,155	1,015,792	1,925,134	1,196,802
Net changes in fund balances	<u>\$ (1,059,010)</u>	<u>\$ 710,457</u>	<u>\$ 820,556</u>	<u>\$ 2,088,656</u>	<u>\$ (2,119,576)</u>
Debt services as a percentage of noncapital expenditures	<u>7.3%</u>	<u>7.1%</u>	<u>6.7%</u>	<u>6.0%</u>	<u>8.1%</u>

Source: Calhoun County Finance Department

Schedule 4
UNAUDITED

2004	2005	2006	2007	2008
\$ 25,559,576	\$ 24,734,469	\$ 25,168,976	\$ 21,400,223	\$ 22,478,088
3,591,686	4,347,485	397,905	392,035	394,030
11,889,121	10,787,120	14,150,759	12,568,945	11,530,118
10,662,423	10,677,921	11,885,817	11,946,966	12,717,043
810,869	1,149,638	1,066,578	988,473	964,055
674,843	596,957	1,016,798	765,357	353,734
1,482,186	1,804,723	2,104,470	2,417,036	2,042,352
<u>54,670,704</u>	<u>54,098,313</u>	<u>55,791,303</u>	<u>50,479,035</u>	<u>50,479,420</u>
187,300	185,610	188,974	219,096	216,517
10,892,938	11,571,595	11,538,869	12,107,452	12,184,736
5,999,219	6,161,596	6,074,052	6,332,872	6,648,296
15,584,368	16,129,522	15,940,259	17,032,519	17,574,031
81,496	105,166	104,239	98,130	120,455
14,398,696	14,815,786	14,123,808	12,937,365	12,694,322
1,104,299	1,200,254	1,430,257	1,213,583	1,229,966
2,537,423	2,390,705	2,339,609	2,435,509	2,384,940
2,085,571	624,042	676,077	710,349	564,963
422,985	356,827	324,464	293,036	138,127
-	-	-	-	172,464
695,465	839,730	1,082,921	439,715	416,476
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>53,989,760</u>	<u>54,380,833</u>	<u>53,823,529</u>	<u>53,819,626</u>	<u>54,345,293</u>
<u>680,944</u>	<u>(282,520)</u>	<u>1,967,774</u>	<u>(3,340,591)</u>	<u>(3,865,873)</u>
-	-	-	-	6,855,000
-	-	-	-	(73,282)
-	-	-	-	(6,609,254)
67,000	45,000	28,860	16,445	33,759
10,117,868	10,820,769	10,492,532	10,817,012	10,689,617
(7,670,606)	(8,504,284)	(8,739,832)	(9,119,854)	(8,959,801)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2,514,262</u>	<u>2,361,485</u>	<u>1,781,560</u>	<u>1,713,603</u>	<u>1,936,039</u>
<u>\$ 3,195,206</u>	<u>\$ 2,078,965</u>	<u>\$ 3,749,334</u>	<u>\$ (1,626,988)</u>	<u>\$ (1,929,834)</u>
<u>4.7%</u>	<u>1.8%</u>	<u>1.9%</u>	<u>1.9%</u>	<u>1.3%</u>

CALHOUN COUNTY
Changes in Fund Balances - General Fund
Last Ten Years

(modified accrual basis of accounting)

	1999	2000	2001	2002	2003
Revenues					
Taxes	\$ 12,763,711	\$ 13,243,537	\$ 13,583,507	\$ 14,255,700	\$ 15,253,145
Licenses and permits	114,086	107,201	83,430	77,441	72,586
Intergovernmental	5,620,079	5,930,227	6,123,174	6,017,173	5,441,526
Charges for services	6,930,890	8,119,909	8,109,078	9,652,108	10,033,582
Fines and forfeits	1,019,439	967,370	930,530	1,061,352	895,844
Interest and rents	356,200	459,466	414,688	232,873	179,922
Other revenues	375,886	616,743	691,329	662,400	625,894
Total revenues	<u>27,180,291</u>	<u>29,444,453</u>	<u>29,935,736</u>	<u>31,959,047</u>	<u>32,502,499</u>
Expenditures					
Legislative	176,065	180,323	186,123	217,551	195,403
Judicial	6,395,348	6,698,312	7,243,503	7,316,118	7,518,324
General government	4,889,875	4,973,391	4,971,155	5,445,848	5,635,978
Public safety	9,064,564	9,811,009	10,279,917	11,021,344	11,781,114
Public works	66,479	63,262	90,194	74,217	86,098
Health and welfare	739,476	871,679	837,555	857,107	894,540
Other activities	2,400,790	2,060,756	2,199,487	2,314,669	2,371,940
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	442,264	220,302	54,604	225,800	153,947
Less: reimbursements	(219,231)	-	-	-	-
Total expenditures	<u>23,955,630</u>	<u>24,879,034</u>	<u>25,862,538</u>	<u>27,472,654</u>	<u>28,637,344</u>
Revenues over (under) expenditures	<u>3,224,661</u>	<u>4,565,419</u>	<u>4,073,198</u>	<u>4,486,393</u>	<u>3,865,155</u>
Other financing sources (uses)					
Proceeds from capital leases	-	-	-	-	-
Transfers in	801,158	868,516	1,904,066	2,286,656	1,214,485
Transfers out	(5,376,677)	(5,049,210)	(5,745,885)	(5,496,227)	(5,492,367)
Transfers to component unit	(3,780)	(3,780)	-	-	-
Total other financing sources (uses)	<u>(4,579,299)</u>	<u>(4,184,474)</u>	<u>(3,841,819)</u>	<u>(3,209,571)</u>	<u>(4,277,882)</u>
Net changes in fund balances	<u>\$ (1,354,638)</u>	<u>\$ 380,945</u>	<u>\$ 231,379</u>	<u>\$ 1,276,822</u>	<u>\$ (412,727)</u>

Source: Calhoun County Finance Department

Schedule 5
UNAUDITED

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 15,585,141	\$ 15,933,547	\$ 16,449,007	\$ 17,941,376	\$ 18,778,923
84,729	93,439	76,368	69,367	82,026
4,323,001	3,009,127	2,972,748	3,026,542	2,323,593
9,887,270	9,876,911	10,884,532	11,073,182	11,875,775
800,899	1,117,372	1,039,297	959,290	944,600
199,462	316,649	378,759	310,609	176,391
603,932	966,515	1,033,703	1,153,374	972,166
<u>31,484,434</u>	<u>31,313,560</u>	<u>32,834,414</u>	<u>34,533,740</u>	<u>35,153,474</u>
187,300	185,610	188,974	219,096	216,517
7,880,352	8,156,960	8,072,594	8,426,653	8,307,102
5,999,219	6,161,596	6,074,052	6,332,872	6,648,296
12,677,734	12,926,533	12,935,873	14,130,604	15,159,727
81,496	105,166	104,239	98,130	120,455
885,481	909,717	943,284	689,356	656,654
2,406,961	2,385,234	2,321,051	2,433,524	2,383,042
-	-	-	16,409	28,308
-	-	-	1,351	1,359
223,758	139,064	161,241	185,904	180,316
<u>-</u>	<u>-</u>	<u>9,261</u>	<u>-</u>	<u>-</u>
<u>30,342,301</u>	<u>30,969,880</u>	<u>30,810,569</u>	<u>32,533,899</u>	<u>33,701,776</u>
<u>1,142,133</u>	<u>343,680</u>	<u>2,023,845</u>	<u>1,999,841</u>	<u>1,451,698</u>
-	-	28,860	16,445	33,759
3,978,007	4,974,613	4,720,992	4,704,474	4,833,977
(6,005,268)	(5,647,261)	(5,811,862)	(6,175,244)	(5,931,374)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(2,027,261)</u>	<u>(672,648)</u>	<u>(1,062,010)</u>	<u>(1,454,325)</u>	<u>(1,063,638)</u>
<u>\$ (885,128)</u>	<u>\$ (328,968)</u>	<u>\$ 961,835</u>	<u>\$ 545,516</u>	<u>\$ 388,060</u>

CALHOUN COUNTY
Assessed and Actual Value of Taxable Property
Last Ten Years
(in thousands of dollars)

Year	Residential Property	Commercial Property	Industrial Property	Agriculture Property	Development Property	Personal Property	Total Assessed and Actual Value	Total Direct Tax Rate
1999	\$ 1,675,656	\$ 379,339	\$ 137,246	\$ 193,699	\$ 1,995	\$ 477,477	\$ 2,865,412	7.2120
2000	1,826,089	429,723	141,601	220,246	2,520	461,814	3,081,993	7.2120
2001	1,981,607	455,571	159,793	248,706	2,426	522,580	3,370,683	7.1961
2002	2,117,143	501,549	172,685	276,432	2,860	549,719	3,620,388	6.6713
2003	2,236,939	511,836	187,748	284,419	4,071	552,139	3,777,152	6.6513
2004	2,365,271	529,554	198,177	317,677	6,004	537,287	3,953,970	6.3713
2005	2,505,126	543,400	199,588	349,739	5,595	509,030	4,112,478	6.3713
2006	2,643,132	547,919	201,824	381,904	5,378	524,870	4,305,027	6.3713
2007	2,785,334	556,065	201,919	360,498	3,565	521,368	4,428,749	6.3713
2008	2,876,423	577,470	208,095	379,918	3,732	507,541	4,553,179	6.3713

Note: Residential, commercial and industrial values are calculated without tax-exempt values.

Source: County Equalization Department figures, exclusive of Industrial and Commercial Facility Tax and prior to any Board of Review actions.

CALHOUN COUNTY

Direct and Overlapping Property Tax Rates

Last Ten Years

(rate per \$1,000 of taxable value)

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
County direct rates											
Operation		5.39	5.39	5.37	5.37	5.37	5.37	5.37	5.38	5.38	5.38
Special voted		1.82	1.82	1.82	1.29	1.27	0.99	0.99	0.99	0.99	0.99
Total direct rate		7.21	7.21	7.19	6.66	6.64	6.36	6.36	6.37	6.37	6.37
Overlapping rates											
Cities:											
Albion		15.37	15.36	18.31	18.30	18.37	20.07	19.97	19.97	19.67	17.87
Albion - RZ		-	-	-	-	-	-	-	1.20	1.20	7.49
Battle Creek		13.00	13.00	13.00	13.00	13.00	13.00	13.92	14.48	14.48	14.48
Battle Creek - RZ		-	-	-	0.97	3.14	2.55	2.69	3.25	5.95	5.95
Marshall		16.76	16.76	16.76	16.76	16.76	16.73	16.76	16.76	16.76	16.76
Marshall - DDA		1.78	1.77	1.72	1.67	1.67	1.67	1.61	2.11	2.11	2.11
Springfield		15.00	15.00	15.00	15.00	14.00	15.00	15.00	15.00	15.00	15.00
Townships (average)	(A)	1.35	1.51	1.49	1.66	1.65	1.70	1.69	1.93	1.75	1.69
Villages (average)	(B)	13.37	13.46	13.40	13.24	13.07	12.88	12.50	12.80	12.67	12.67
School districts (average)	(C)	22.15	22.37	22.87	22.70	22.86	23.60	23.46	23.33	23.56	23.53
Intermediate school district (average)	(D)	4.78	4.74	4.72	4.49	4.67	4.65	4.94	4.93	4.93	4.99
Community college (average)	(E)	3.26	3.26	3.26	3.26	3.26	3.26	3.26	3.26	3.26	3.26
Library (average)	(F)	1.91	1.79	1.75	1.75	1.73	2.07	2.06	2.02	2.01	2.04
(A) - Rates range from:											
Low		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
High		3.95	3.95	3.91	3.92	3.87	3.86	3.94	4.38	4.38	4.38
(B) - Rates range from:											
Low		10.17	10.91	10.90	10.34	10.32	9.85	9.85	9.85	9.86	9.85
High		17.58	17.43	17.27	17.10	16.78	16.47	17.10	16.65	15.97	15.97
(C) - Rates range from:											
Low		17.82	18.00	18.10	18.00	18.00	20.00	20.00	20.00	20.95	20.85
High		29.23	28.23	31.04	29.87	29.19	28.21	27.35	27.05	27.05	27.05
(D) - Rates range from:											
Low		2.09	2.08	2.06	2.03	2.01	1.99	1.97	1.96	1.96	1.95
High		8.72	8.56	8.49	7.42	8.22	8.17	8.13	8.11	8.10	8.11
(E) - Rates range from:											
Low		2.82	2.82	2.82	2.81	2.81	2.81	2.81	2.81	2.81	2.81
High		3.71	3.71	3.71	3.71	3.71	3.71	3.71	3.71	3.71	3.71
(F) - Rates range from:											
Low		1.83	1.58	1.50	1.50	1.46	2.00	2.00	2.00	2.00	2.00
High		2.00	2.00	2.00	2.00	2.00	2.14	2.12	2.03	2.25	2.25

Source: Calhoun County Equalization Department - Apportionment Report.

CALHOUN COUNTY
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Kellogg Company	\$ 122,038,778	1	3.28%	\$ 225,099,466	1	7.86%
Denso Manufacturing Mi, Inc.	59,628,989	2	1.60%	51,869,750	3	1.81%
Consumers Energy	53,210,075	3	1.43%	55,746,375	2	1.95%
Kraft Foods, Inc.	38,694,033	4	1.04%	41,783,250	4	1.46%
The Andersons Albion Ethanol	30,199,600	5	0.81%			
Ralcorp Holdings Inc	15,694,692	6	0.42%	16,905,850	7	0.59%
SEMCO Energy Company	15,451,140	7	0.41%	25,152,901	5	0.88%
Lakeview Delaware	13,217,722	8	0.35%			
TRMI Inc	11,536,910	9	0.31%			
ASMO Manufacturing Inc	8,825,153	10	0.24%			
Technical Auto Parts				13,962,975	8	0.49%
Eaton Corporation				18,095,773	6	0.63%
Hayes Lemmerz Int'l				13,962,900	9	0.49%
State Farm Mutual				11,699,926	10	0.41%
	<u>\$ 368,497,092</u>		<u>9.89%</u>	<u>\$ 474,279,166</u>		<u>28.76%</u>

Source: Calhoun County Equalization Department.

CALHOUN COUNTY

Property Tax Levies and Collections

Last Ten Years

							(1)
Year	Taxes Levied for the Fiscal Year		Collected within the Fiscal Year of the Levy		Subsequent Years Collections	Total Collections to Date	
			Amount	% of Levy		Amount	% of Levy
1999	\$	13,313,400	\$ 11,804,401	88.67%	\$ 1,478,348	\$ 13,282,749	99.77%
2000		13,561,775	12,254,650	90.36%	1,276,709	13,531,359	99.78%
2001		14,402,419	12,933,207	89.80%	1,488,538	14,421,745	100.13%
2002		15,124,938	13,781,041	91.11%	1,308,431	15,089,472	99.77%
2003		15,612,489	14,220,519	91.08%	1,331,611	15,552,130	99.61%
2004		16,196,573	14,874,267	91.84%	1,271,304	16,145,571	99.69%
2005		16,649,367	15,365,609	92.29%	1,274,846	16,640,455	99.95%
2006		17,472,152	16,264,916	93.09%	1,197,292	17,462,208	99.94%
2007		18,165,735	16,697,148	91.92%	1,415,375	18,112,523	99.71%
2008		18,669,055	17,205,622	92.16%	-	17,205,622	92.16%

Source: Calhoun County Treasurer's Office

(1) Personal property taxes recorded at 80%

CALHOUN COUNTY
Ratios of Net General Bonded Debt Outstanding
Last Ten Years

Year	Governmental Activities			Business-Type Activities			Total Primary Government	% of Personal Income	Per Capita
	General Obligation Bonds	Capital Leases	Less: Amounts Restricted to Repaying Principal	General Obligation Bonds	General Obligation Tax Notes	Capital Leases			
1999	\$ 21,838,272	\$ 7,322	\$ 600,311	\$ -	\$ 1,500,000	\$ -	\$ 22,745,283	0.67%	\$ 160.88
2000	19,491,686	-	1,122,907	-	2,000,000	-	20,368,779	0.59%	147.62
2001	17,119,706	-	1,814,528	-	800,000	-	16,105,178	0.46%	116.56
2002	14,840,290	-	2,785,918	-	3,000,000	-	15,054,372	0.41%	108.79
2003	11,162,553	-	717,829	-	2,000,000	-	12,444,724	0.33%	89.62
2004	9,089,270	366,231	12,168	-	450,000	-	9,893,333	0.26%	71.14
2005	8,481,241	309,330	13,118	-	500,000	-	9,277,453	0.23%	66.65
2006	7,831,155	269,599	123,662	8,000,000	350,000	-	16,327,092	0.40%	118.32
2007	7,154,693	251,364	4,691	8,000,000	750,000	14,497	16,165,863	0.40%	118.33
2008	6,855,000	240,666	7,580	7,800,000	250,000	7,490	15,145,576	0.37%	111.48

Year	Governmental Activities			Total	Taxable Value of Property	% of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Capital Leases	Less: Amounts Restricted to Repaying Principal				
1999	\$ 21,838,272	\$ 7,322	\$ 600,311	\$ 21,230,639	\$ 2,497,550,209	0.85%	\$ 868.04
2000	19,491,686	-	1,122,907	18,368,779	2,597,305,710	0.71%	730.75
2001	17,119,706	-	1,814,528	15,305,178	2,810,965,726	0.54%	603.59
2002	14,840,290	-	2,785,918	12,054,372	2,982,437,725	0.40%	458.72
2003	11,162,553	-	717,829	10,444,724	3,111,551,148	0.34%	388.86
2004	9,089,270	366,231	12,168	8,710,871	3,228,412,954	0.27%	318.26
2005	8,481,241	309,330	13,118	8,158,793	3,318,085,093	0.25%	285.39
2006	7,831,155	269,599	123,662	7,437,894	3,470,883,407	0.21%	249.08
2007	7,154,693	251,364	4,691	6,898,638	3,611,665,400	0.19%	230.75
2008	6,855,000	240,666	7,580	6,606,754	3,724,578,452	0.18%	220.98

Source: Calhoun County Finance Department

CALHOUN COUNTY
Computation of Net Direct and Overlapping Debt
As of December 31, 2008

	Gross Amount Outstanding	Self-Supporting or Paid by Benefited Entity	Net Amount Outstanding
Direct debt			
General obligation tax notes	\$ 250,000	\$ -	\$ 250,000
Building authority bonds	175,000	-	175,000
Medical Care Facility bonds	7,800,000	-	7,800,000
Public Works - water and sewer debt	10,475,000	10,475,000	-
Michigan Transportation Fund notes	1,545,000	-	1,545,000
	<u>\$ 20,245,000</u>	<u>\$ 10,475,000</u>	<u>9,770,000</u>
Net direct debt			
	Debt Outstanding	Percentage Applicable	Government's Share of Overlapping Debt
Overlapping debt			
School districts			
Albion	6,810,000	94.77	6,453,837
Athens	1,635,000	88.41	1,445,504
Battle Creek	66,505,000	100.00	66,505,000
Bellevue	27,706,918	16.31	4,518,998
Climax Scotts	7,495,297	12.11	907,680
Gull Lake	42,908,000	7.56	3,243,845
Harper Creek	68,926,950	100.00	68,926,950
Hastings	24,790,000	0.61	151,219
Homer	4,630,000	97.71	4,523,973
Lakeview Calhoun	51,105,000	100.00	51,105,000
Litchfield	2,300,000	3.25	74,750
Mar Lee	1,965,000	100.00	1,965,000
Marshall	27,295,000	100.00	27,295,000
Olivet	35,344,060	29.43	10,401,757
Pennfield	36,581,228	98.09	35,882,527
Springport	17,657,104	37.35	6,594,928
Tekonsha	910,000	86.32	785,512
Union City	-	0.00	-
			<u>290,781,480</u>
Intermediate school district			
Hillsdale I/S/D	24,970,000	1.01	252,570
Community colleges			
Kellogg Community College	8,200,000	96.48	7,911,360
Library			
Marshall District Library	1,315,000	100.00	1,315,000
City	89,770,000	100.00	89,770,000
Township	8,667,000	100.00	8,667,000
Village	496,000	100.00	496,000
			<u>399,193,410</u>
Net overlapping debt			
Net direct and overlapping debt			<u><u>\$ 408,963,410</u></u>

Source: Calhoun County Finance Department and Bendzinski & Co Municipal Finance Advisors

Note: Percentage of overlap based on state equalized values.

CALHOUN COUNTY
Legal Debt Margin
Last Ten Years

Legal Debt Margin Calculation for 2008

Total assessed value	\$ 4,553,178,897
Debt limit (10% of assessed value)	\$ 455,317,890
Debt applicable to limit	17,230,000
Legal debt margin	\$ 438,087,890

	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
1999	\$ 286,541,248	\$ 36,403,272	\$ 250,137,976	12.70%
2000	308,199,405	37,536,686	270,662,719	12.18%
2001	337,068,241	33,424,706	303,643,535	9.92%
2002	362,038,829	34,535,290	327,503,539	9.54%
2003	377,715,142	27,507,553	350,207,589	7.28%
2004	395,397,056	24,384,270	371,012,786	6.17%
2005	411,102,610	22,996,241	388,106,369	5.59%
2006	430,437,237	19,495,000	410,942,237	4.53%
2007	442,874,896	18,800,000	424,074,896	4.24%
2008	455,317,890	17,230,000	438,087,890	3.78%

Source: Calhoun County Finance Department and Bendzinski & Co Municipal Finance Advisors

CALHOUN COUNTY
Demographic and Economic Statistics
Last Ten Years

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate	School Enrollment
1999	141,380	\$ 3,375,735	\$ 24,458	4.2%	26,521
2000	137,985	3,471,425	25,137	4.3%	27,348
2001	138,175	3,500,169	25,357	5.1%	27,432
2002	138,375	3,635,112	26,278	6.0%	27,001
2003	138,854	3,720,361	26,860	7.2%	27,528
2004	139,067	3,800,925	27,370	6.8%	25,962
2005	139,191	3,950,965	28,588	6.4%	25,709
2006	137,991	4,107,089	29,862	6.9%	26,703
2007	136,615	4,075,917	29,897	6.8%	25,941
2008	135,861	4,075,917 (a)	29,897 (a)	9.6%	23,805

(a) Data not available at the time of publication.

Sources: U.S. Census Bureau
Bureau of Economic Analysis, U.S. Department of Commerce
Calhoun Intermediate School District

CALHOUN COUNTY
Principal Employers
Current Year and Nine Years Ago

Employer	2008			1999		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Denso Manufacturing USA, Inc	3,000	1	4.71%	1,500	4	2.24%
Hart - Dole - Inouye Federal Center	1,900	2	2.98%	1,800	3	2.69%
Kellogg Company	1,800	3	2.82%	2,200	1	3.29%
Battle Creek Health System	1,554	4	2.44%	2,100	2	3.14%
Battle Creek Public Schools	1,300	5	2.04%	1,200	6	1.79%
VA Medical Center	1,150	6	1.80%	1,300	5	1.94%
Oaklawn Hospital	800	7	1.25%			
II Stanley Company, Inc.	780	8	1.22%	750	9	1.12%
Kraft Foods, Inc.	760	9	1.19%	1,200	7	1.79%
Duncan Aviation	675	10	1.06%			
State Farm Insurance Company				800	8	1.20%
Tokai Rika				750	10	1.12%
	13,719		21.52%	13,600		20.32%

Source: Calhoun County Finance Department.

CALHOUN COUNTY
Full-Time Equivalent County Government Employees by Function/Program
Last Ten Years

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Legislative										
Board of Commissioners	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Judicial										
Circuit Court	14.00	13.00	12.00	14.75	14.79	14.00	14.75	14.80	14.80	13.80
Circuit Court - Family	15.00	11.00	10.00	11.00	11.00	10.00	10.00	10.00	9.00	8.00
District Court	58.28	56.74	52.18	54.04	55.80	54.23	55.58	56.33	56.60	57.25
Friend of the Court	52.43	53.66	58.30	61.50	59.49	58.83	59.06	59.60	60.00	60.00
Probate Court	10.00	9.00	10.00	9.00	8.88	8.88	9.00	10.00	10.00	10.00
Court Services	4.81	6.81	3.00	4.00	4.00	3.00	3.00	3.00	2.00	2.00
General Government										
County Administrator	4.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Administrative Services	5.35	5.44	5.35	5.35	5.35	5.00	5.34	4.00	4.00	4.00
Information & Tech Systems	2.00	2.00	2.00	3.00	4.00	4.00	4.00	3.00	4.00	4.00
Facilities Management	10.00	10.00	10.00	10.00	10.00	10.00	12.00	11.00	12.00	12.00
Corporation Counsel	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00
Finance	6.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00	5.00	5.00
Equalization	6.00	6.00	6.00	6.34	4.60	6.00	5.00	5.00	3.00	4.50
Human Resources	2.90	3.00	3.00	3.66	4.00	4.00	4.00	4.00	2.00	4.00
Clerk - Elections	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Clerk of the Circuit Court	10.82	10.00	8.81	9.00	9.00	9.00	9.00	9.00	8.00	9.00
Clerk/Register	11.19	9.50	10.56	10.43	11.50	11.50	11.50	11.50	12.50	12.50
Prosecuting Attorney	29.50	27.50	28.50	29.50	31.50	32.50	31.50	29.50	28.50	27.50
Treasurer	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Cooperative Extension	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75
Drain Commissioner	3.11	3.11	3.05	3.07	3.16	2.97	3.06	3.00	3.00	3.00
Public Safety										
Sheriff	155.48	161.31	146.70	156.35	168.11	171.22	172.40	166.78	171.97	171.75
Community Corrections	3.00	5.50	8.00	8.00	8.50	8.00	8.00	7.00	8.00	8.00
Emergency Management	1.00	1.00	1.00	3.00	3.00	2.00	1.00	2.00	3.00	2.00
Drug Court	0.00	0.00	0.00	1.00	2.00	3.32	4.00	3.50	3.50	3.00
Prosecuting Attorney	12.00	12.00	12.00	11.00	13.30	15.00	12.00	12.00	11.00	11.00
Health & Welfare										
Health Department	71.06	70.78	69.11	64.13	66.64	70.44	64.55	53.48	45.57	44.02
Child Care Fund	49.01	54.90	49.04	48.75	53.19	53.68	49.94	42.90	49.10	46.70
Senior Millage	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Veterans Services	2.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Total	<u>561.20</u>	<u>562.99</u>	<u>540.36</u>	<u>558.61</u>	<u>583.55</u>	<u>589.31</u>	<u>580.42</u>	<u>553.13</u>	<u>554.29</u>	<u>550.77</u>

Source: Calhoun County Finance Department

CALHOUN COUNTY
Operating Indicators by Function/Program
Last Ten Years

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Judicial										
Circuit Court:										
Number of petitions opened	--*	--*	--*	2,079	2,118	1,931	1,932	1,873	1,762	1,750
Number of dispositions	--*	--*	--*	2,055	2,082	2,003	1,955	2,021	1,940	1,780
Circuit Court - Family Division:										
Number of petitions opened	--*	--*	--*	1,707	1,484	1,523	1,707	1,635	1,694	1,545
Number of dispositions	--*	--*	--*	1,589	1,313	1,541	1,656	1,666	1,808	1,640
District Court:										
New felony cases	--*	--*	--*	2,252	2,052	1,957	2,021	1,933	1,874	1,973
New misdemeanor cases	--*	--*	--*	4,931	4,121	3,763	4,348	4,039	4,166	3,989
New traffic & civil infractions	--*	--*	--*	40,569	34,641	32,644	42,773	35,145	33,294	30,785
New civil cases	--*	--*	--*	9,727	10,266	9,960	10,363	10,270	11,257	11,787
New OWI/OWVI	--*	--*	--*	951	849	731	886	883	733	816
Probate Court:										
Number of active estate and trust cases	--*	--*	--*	466	467	474	461	433	448	474
Number of wills filed for safekeeping	--*	--*	--*	590	731	1,065	1,161	335	421	614
Number of guardianships/conservatorships	--*	--*	--*	2,275	2,216	2,119	2,090	2,036	1,936	1,908
Public Safety (Sheriff):										
Number of incidents	14,907	15,389	13,875	9,918	9,734	11,912	13,868	12,074	11,857	12,636
Number of bookings	10,694	11,867	13,062	12,985	11,916	11,020	11,574	10,810	11,104	11,575
Number of traffic crashes	1,620	1,674	1,486	1,417	1,603	1,722	1,771	1,604	1,811	1,878
Number of fatal crashes	7	5	1	7	4	1	6	6	8	12
Number of animal control calls										
Health										
Public Health:										
Vaccines administered	24,307	25,234	22,729	21,816	8,459	9,456	9,966	6,884	2,848	4,160
Number of STD clients	1,988	1,999	2,169	2,225	2,335	2,492	2,804	2,523	2,298	2,376
Water Resources										
Drain & Lake Level control structure maintenance projects	51	72	55	57	27	60	46	51	61	69
Seniors										
Number of seniors served										
Health services:	3,584	2,200	4,167	5,497	5,228	4,898	4,613	3,698	3,255	2,834
Access services:	7,528	3,335	2,622	3,230	2,377	1,843	2,322	2,722	3,212	3,286

Source: Calhoun County Circuit Court, Calhoun County District Court, Calhoun County Probate Court,
Calhoun County Sheriff's Department, Calhoun County Health Department,
Calhoun County Water Resources Department, Calhoun County Senior Services Department

--* Information not available

CALHOUN COUNTY
Capital Asset Statistics by Function/Program
Last Ten Years

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police										
Corrections facility maximum capacity	620	620	620	620	620	620	620	620	620	620
Vehicle patrol units:										
Police service automobiles	6	12	14	21	24	31	33	31	34	38
Animal control	2	2	2	2	2	2	2	2	2	2
Jail	-	2	2	4	5	5	5	5	7	9
Public works										
Miles of county maintained roads:										
Primary	498	522	522	483	483	483	483	483	483	483
Local	833	966	966	827	827	827	827	827	827	827
State Trunkline	-	207	207	205	205	205	205	205	205	205
Parks and Recreation										
County Parks	3	3	3	3	3	3	3	3	3	3
Custer Greens Golf Course	1	1	1	1	1	1	1	1	-	-
Kingman Museum	1	1	-	-	-	-	-	-	-	-

Source: Calhoun County Finance Department

CALHOUN COUNTY
Schedule of Insurance
As of December 31, 2008

Type of Coverage Name of Company	Policy Period	Premium	Description
Michigan Municipal Risk Management Authority (MMRMA)	01/01/08-12/31/08	\$ 673,382	Auto, general and police legal liability of the County for bodily injury, property damage and personal injury. Limit \$15,000,000 per occurrence; self insured retention (SIR) is \$200K for general liability, \$16K per vehicle/\$31K per vehicle damage.
Buildings and Contents: Michigan Municipal Risk Management Authority (MMRMA)	01/01/08-12/31/08	Included	All risk coverage on buildings and contents at replacement cost of \$106,139,466 with an \$11,000 maximum self insurance retention (SIR) per occurrence. Includes burglary as well as perils from flood and earthquake.
Michigan Municipal Risk Management Authority (MMRMA)	01/01/08-12/31/08	Included	Covers loss to the County caused by dishonesty or fraudulent act of an employee or failure to faithfully perform the duties or the position. Limit \$1,000,000. All County employees are covered under this Blanket Faithful Performance Bond with Elected Officials protected under individual Performance Bonds at the same dollar limit.
Marine Property Coverage	01/01/08-12/31/08	Included	Covers scheduled portable equipment consisting of boats, motors, trailers, jet skis, hovercraft, etc. Coverage limited to \$250K per occurrence.
Short-Term Bond Burnham & Flower Insurance Group	01/01/08-12/31/08	5,443	Bond is based on 40% of the tax levy for the County, schools and SET (State Education Tax). County is partially reimbursed for the cost of the bond.
Workers' Compensation Cambridge Integrated Services	01/01/08-12/31/08	18,588	TPA for Claims Service.
Safety National Casualty Corporation	01/01/08-12/31/08	20,500	Statutory specific excess insurance above a \$350,000 retention subject to an annual aggregate limit of \$1 million.
Sick & Accident Regency Employee Benefits	01/01/08-12/31/08	27,864	TPA for Claims Service.
Long-Term Disability Mutual of Omaha	01/01/08-12/31/09	Varies	Covers all full-time GELC, IUOE, MNA, and AFSCME Health eligible employees. Coverage is 66 and 2/3% of monthly salary up to a maximum of \$4,200.
Life Insurance Lafayette Life Ins. Co.	01/01/08-12/31/08	Varies	Covers death of employee and/or AD&D. All full-time employees with coverage equal to 1 X annual salary, rounded down to the nearest \$1,000, up to a maximum of \$50K. IUOE members receive a flat \$50K.
Dental Delta Dental Core Plan	01/01/07-12/31/08	49.29	100% basic dental, 50% other services (excl Orthodontics), \$800 annual limit.
Community Blue Preferred Provider Organization (PPO) Plan 1 Blue Cross/Blue Shield	01/01/08-12/31/08	Varies	A cost-sharing medical care plan including preventive care services (in network only), coinsurance, prescription co-pay, with no deductible on covered in-network benefits. Out of network benefits have an annual deductible of \$250 individual/\$500 family.

Continued.....

CALHOUN COUNTY
Schedule of Insurance
As of December 31, 2008

Type of Coverage Name of Company	Policy Period	Premium	Description
Community Blue Preferred Provider Organization (PPO) Plan 3 Blue Cross/Blue Shield	01/01/08-12/31/08	Varies	A cost-sharing medical care plan including preventive care services (in network only), coinsurance, prescription co-pay, with an annual deductible on covered in-network benefits of \$250 individual/\$500 family. Out of network benefits have an annual deductible of \$500 individual/\$1,000 family.
Point of Service Plan 4 Blue Cross/Blue Shield	01/01/08-12/31/08	Varies	A cost-sharing medical care plan requiring a Primary Care Physician choice. The plan includes preventive care services (in network only), coinsurance, prescription co-pay, with no deductible on covered in-network benefits. Out of network benefits have an annual deductible of \$100 individual/\$200 family.
First Dollar Plan w/Master Medical Option 1 (80/20) Blue Cross/Blue Shield	01/01/08-12/31/08	Varies	Basic and Master Medical Comprehensive medical care coverage including emergency care, office visits, and prescription co-pay. Annual deductible of \$250 individual/\$500 family on Major Medical Benefits.
Vision Care Blue Cross/Blue Shield/ Blue Vision Care (A80)	01/01/08-12/31/08	Varies	Vision Care option pays for certain vision care tests and supplies when obtained from a participating provider after County employee pays the provider the required co-payment amount.